



Daily Report

East Europe

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Democratic Party Withdraws From Government

AU0412161791 Tirana Radio Tirana Network
in Albanian 1430 GMT 4 Dec 91

[Statement issued by Democratic Party Chairman Sali Berisha at a news conference in Tirana on 4 December—read by announcer]

[Text] This statement has just reached us, and is not well typed. We will nevertheless try to read it:

Today will be remembered as the day on which the communist wielders of power, through their abuses, intolerance, and failure to respect the law, forced the Democratic Party [PD] to leave the National Stability Government.

The PD explains once again to the Albanian and international public and to the National Stability Government that it is not impelled by a lust for power but by the grievances, sufferings, and serious trials caused to our people by a centuries-old dictatorship.

We entered the National Stability Government at a time when the single-party regime had driven the country to the verge of an abyss, to the brink of devastation and disintegration. We entered the government at the time of the historic general strike of Albania's workers, when the communist wielders of power wanted to provoke social confrontation and even fratricidal conflicts, at a time when the world had closed its doors to the Albanian communist government, and when hunger, misery, and destitution threatened our children, the aged, and our men and women.

For this reason, the PD, always guided by national principles, undertook to take part in the National Stability Government, which it powerfully supported both domestically and internationally. It is an indisputable fact that it was the PD's presence in this government that drew Albania out of its self-isolation and oblivion and enabled the National Stability Government to achieve undeniable successes in foreign policy. Albania was admitted to the CSCE, the IMF, the World Bank, and the London Bank [European Bank for Reconstruction and Development]; it won the support of the Group of 24 and the EEC.

For all these reasons, we are leaving the government today with our heads held high, because, even if we as a party have been criticized during our cooperation with the National Stability Government, we think that Albania benefited to a not insignificant extent from our presence in the government. I am convinced that our people will appreciate and remember this. Our active participation, and our civil dedication to the development of democratic reforms and the construction of democratic institutions in our country met with the resistance of the communist spider's web, which from start to finish misused and exploited our presence in the government.

The communists used this presence to discredit, slander, and attack the PD, with the aim of casting on it all the blame for the serious tragedy that the half-century-old communist regime visited on our country with its mechanisms of oppression and exploitation. Communist propaganda diabolically blamed the opposition, in order to shift all responsibility for the difficulties that had arisen to the opposition within the government. In this dishonest way, the communists succeeded in causing, for the most inauspicious purposes, the total paralysis of all levels of the executive, legislative, and judicial branches, and the press.

The executive branch as a whole and the government within the country at all levels did not succeed in establishing order and calm for the citizenry; it did not succeed in guaranteeing the conduct of reforms. The strategy of violence and terror did not prevail.

This strategy was used first in an attempt to liquidate the Albanian opposition, and was later used in a criminal attempt to psychologically prepare our people for the reestablishing of a neocommunist dictatorship in Albania.

Second, through thefts, looting, murders, and exoduses, it attempted to humiliate the Albanians in the eyes of the world, so that they would be forgotten, and so that they themselves could rule in peace like the dictator Enver Hoxha.

Third, this strategy aimed, in the case of its failure, at a scorched earth policy, in order to postpone for as long as possible a future democratic regime.

It is paradoxical that they tried to blame for all this the police, which, according to this logic, was to replace the Albanian state at the local level.

The Democratic Party observes that the economic reform in Albania is being seriously obstructed by the communist state structure at all levels. The most characteristic example of this is the reform of agriculture. The law on land privatization approved a few months ago, despite all its defects, marked a major achievement in economic reform. However, its implementation was systematically obstructed by the Agriculture Ministry. Similarly, this ministry, by privatizing the tractor stations at an inappropriate time and trebling the prices of seeds and chemical fertilizers, in practice prevented the autumn sowing, creating a deficit for next year of 4 to 5 percent thousand tonnes of wheat [passage as heard].

The Agriculture Ministry is managed by officials who were against the privatization of land, by antireformers who still run Bolshevik-style state farms. We can say that this ministry discredited the agricultural reform.

The PD also observes that, because of the undeserved domination of communists in the state, democratic processes in Albania are proceeding very slowly. Foreign aid is dwindling. Democratic countries are hesitating

and are not giving credit or loans to Albania. Foreign investors are not investing because of the instability of the political situation.

Real paralysis has also gripped the legislative branch. It is an undeniable fact that the lawmakers of [word indistinct] came to power as representatives of the Albanian Workers Party, the political force that was responsible for Albania's deep political, economic, and social tragedy. A good number of its deputies have not only not reformed, but act against the interests of the country and the nation as a whole.

The delay of several months in the matter of Albanian Radio-Television, in flagrant opposition to Albania's constitutional dispositions and the Helsinki Final Act, and the immoral treatment of the law on the innocence of martyrs and veterans of democracy are testimonies to the intolerance and the absurdity commonly noticed among these gentlemen.

The judicial branch is also under a similar blockade. The justice organs, with their indifference, apathy, and indecision, are discouraging the work of the organs of public order. With their innumerable suspicions, they are contributing to chaos and anarchy. These organs are digging an ever deeper trench between the law and justice. At a time when justice cries out that the Shkoder massacre was an act of state terrorism devised by the Red communist mafia, or demonstrates that the blockmen ["blokmenet," residents of the former leadership compound] have misused millions and millions of leks, the law remains silent, showing ordinary Albanian citizens that the blockmen have been and remain first-class citizens who do not obey the law but lay it down for themselves.

For all these reasons, and because the communists illegitimately won the elections on 31 March through pressure, fear, and terror, the PD, as the sole democratic alternative to bring the country out of this deep political winter, calls for free elections to be held.

On the basis of analyses and broad discussion, the PD demanded at the beginning of November the holding of free elections before the end of 1991. For this purpose, with tolerance, understanding, and sangfroid, it launched its initiative in dialogue with the country's main political forces and with the National Stability Government and the Presidency of the People's Assembly. Throughout November, it held many discussions with all interested parties. At the insistent demand of some, and with the aim of not delaying the autumn sowing, the PD agreed to postpone the election date it had demanded from December to the end of February.

It also committed itself to a calm, free, dignified, and shorter election campaign. It also asked the communist wielders of power to respect the law, and demanded the depoliticization of the radio and television, the reopening of the Shkoder trial, and the arrest of the blockmen.

Last week, it noted with satisfaction that the National Stability Government agreed with the PD's demands, considering them fair, and considering the idea of elections within three months to be both possible and necessary. The PD hoped to encounter such flexibility and reason among other forces. However, as it expected, it met with trickery and intolerance among the communist wielders of power. Insisting on defending the blockmen and evading for as long as possible the truth about the Shkoder massacre, the leadership of the Socialist Party and the president chose to overthrow the National Stability Government and to defend the Red bandit chiefs, clearly showing that they wish to restrain democratic reforms in Albania.

For instance, although we hope that the issue of the radio and television is finally being solved, the blockmen who head the wanted list for their corruption and thefts continue to live in peace in their villas. One is disgusted at the fact that the Investigator-General's Office has issued arrest warrants, for some of them on the basis of indisputable evidence, and has sometimes done so repeatedly, but nothing has happened. This clearly shows that, alongside the legitimate state in Albania, there is a secret, covert second state that governs the country according to the old laws. These people are not concerned about the people's woes and miseries, but want to preserve their undeserved power at all costs.

Under these conditions, on the basis of the statement of its National Council on 26 November, the PD has decided to withdraw from the National Stability Government. In making this step, imposed on it by the intolerance of the Socialist Party, it is convinced that its continuing participation in the government would not only not serve democracy, but would be exploited, exposing the country to the risk of a consolidated basis for a neocommunist regime, which would be a cancer for the Albanian nation.

The PD also leaves the National Stability Government with the determination to continue as a genuine opposition in its efforts and to struggle to establish democracy in Albania.

On this occasion, the PD expresses its unshaken appreciation for its ministers and the fruitful work to the benefit of the country and people that they accomplished during their presence in the National Stability Government.

The PD also expresses its appreciation of the work of many other ministers of the opposition and the Socialist Party who clearly demonstrated their unswerving commitment to reform. The PD assures all these reforming intellectuals that it and other democratic forces will long remember their work. It considers that the failure of the National Stability Government is not in the least their personal failure, but is the work of the spider's web that obstructed this group of reforming intellectuals on the

road toward reform on which they had embarked. However, this spider's web of course cannot obstruct democracy. The PD is therefore convinced that these intellectuals will be able in the future to show their worth and abilities in the construction of a democratic Albania, because the PD has always judged events on the basic criterion of their relationship to reform.

The PD asks Dr. Gramoz Pashko, at present abroad on official business, to remain in the post of deputy prime minister until he has accomplished his important mission of giving his signature to Albania's membership in the London Bank on 7 December, and to then return home.

It is clear to the PD that with the withdrawal of its ministers from the government, the communist wielders of power, Enverists, and extremists of all hues will secretly exult and rub their hands in delight. They will think that they have another chance to put Albania back under communist dictatorship and Enverist monism. However, we want to tell these gentlemen that such madcap plans will be punished by all Albanians and the world. A people that brought down a dictatorship and lifted from their necks the yoke of half a century of communism will not accept another yoke. The PD is also aware that the news of its withdrawal from the National Stability Government will grieve and distress many honest people in Albania and throughout the world who saw in the National Stability Government the creation of a genuinely democratic government and a gleam of hope for the country's rescue from the misery and backwardness in which the communist regime left it.

However, we must assure all of them that, if the communist wielders of power have succeeded in forcing us to leave the National Stability Government, they will never be able to force us to swerve from our efforts and struggle to establish democracy in Albania. On the contrary, this

step by the PD doubtless marks the advent of genuine democracy and the end of communism in Albania.

Omonia Calls For 'Able Caretaker Government'

*AU0412203691 Tirana Radio Tirana Network
in Albanian 1900 GMT 4 Dec 91*

[Text] A declaration by the Omonia Organization's parliamentary group states that now that many months have passed during which political forces have made efforts through a multiparty government to achieve peace and stability and to point the country toward a market economy and European integration, it has been proved that these efforts have not yielded the desired results, mostly because the foundations of the old system were not uprooted, a scenario staged by forces operating outside this government.

This has led to our present situation, which is perhaps more serious than that in May this year, even though tensions are not now as visible as then.

Our organization, as the third force in the parliament, even though it was not allowed to take part in the National Stability Government, tried through its attitude to support the government's work, and now, when the government is no longer functioning, we openly state that the country's interests call for a wise and moderate solution, always in the interests of the people and not those of political creeds. Let the parliament do its duty as never before, and let it not leave the situation in the hands of one or more individuals. Now that we are heading for early elections, we ask for them to be held as soon as possible, with an able caretaker government that will save the country from a catastrophe and the social excesses that are a result of the serious economic situation.

Let the electoral campaign not become a struggle for power, but let the people's interests always be borne in mind.

Zhelev Congratulates Ukraine's Kravchuk on Election

AU0412181091 Sofia BTA in English 1737 GMT
4 Dec 91

[Excerpt] Sofia, December 4 (BTA)—Bulgarian President Zhelyu Zhelev congratulated Leonid Kravchuk on his appointment as president of the Ukraine. Mr. Kravchuk told the Bulgarian consul in Kiev that the Ukraine would safeguard the rights of the 300,000 Bulgarians living there. The Ministry of Foreign Affairs announced that the arrangements for the forthcoming visit of the Ukrainian prime minister to Bulgaria would be sped up. [passage omitted]

Romanian Defense Minister Denies Territorial Claims

AU0312174791 Sofia BTA in English 1624 GMT
3 Nov 91

[Text] Sofia, December 3 (BTA)—Romania has no territorial designs on Bulgaria. This was officially confirmed by Romania's Minister of Defence, Lieut. Gen. Niculae Spiroiu, who arrived on a visit here today and had meetings with Prime Minister Filip Dimitrov and the minister of defence, Mr. Dimitur Ludzhev.

Gen. Spiroiu qualified as "journalistic licences" the commentaries that appeared in the Bulgarian press in which the speech Romanian President Ion Iliescu delivered on the occasion of Romania's national day was described as making territorial designs on Bulgaria. According to these publications President Iliescu said two days ago that Romania's older borders were "historical, ethnical and natural" and included parts of today's territory of Bulgaria.

Bulgaria's prime minister accepted the official denial of any territorial designs by the Romanian side with satisfaction. Mr. Dimitrov expressed his belief that the promotion of Bulgarian-Romanian cooperation in the field of defence is an important element of the two countries' relations and a step towards a future united Europe.

At today's meeting the ministers of defence of Bulgaria and Romania, Mr. Dimitur Ludzhev and Gen. Niculae Spiroiu, discussed the main points of the plan for military cooperation which the two countries are expected to sign shortly. Gen. Spiroiu informed his Bulgarian counterpart about the position of Bucharest on the crisis in Yugoslavia, saying Romania maintains neutrality.

Iliescu Speech 'Misinterpreted'

AU0312172591 Sofia BTA in English 1530 GMT
3 Dec 91

[Text] Sofia, December 3 (BTA)—Romania's Minister of Defence, Gen. Niculae Spiroiu, who is on an official visit here said that the speech President Iliescu had made on the occasion of Romania's national day was misinterpreted. Gen. Spiroiu's statement was in reply to a question provoked by reports in the Bulgarian press which said that in his speech President Iliescu called the

borders of Great Romania, including Southern Dobrudzha, "historical, ethnical and natural."

Gen. Spiroiu explained that President Iliescu had in mind the territories taken away from Romania under the Ribbentrop-Molotov Pact and the Vienna Dictates. Dobrudzha was not mentioned in them and President Iliescu did not mention Dobrudzha, either. Gen. Spiroiu said he had the transcript of the speech published unabridged by Romanian newspaper.

Today's "ZEMYA" reminds that Mr. Adrian Nastase, minister of foreign affairs, having made a similar statement in Romania's parliament on June 24 this year, later explained to the Bulgarian ambassador in Bucharest that he was misunderstood by the Bulgarian mass media.

Zhelev Visits Military Plant, Discusses Conversion

AU0312185391 Sofia Khorizont Radio Network
in Bulgarian 1730 GMT 3 Dec 91

[Report by correspondent Sonya Karlova on visit by President Zhelyu Zhelev to Sopot and his meeting with representatives of the Bulgarian military-industrial complex in Sopot on 3 December]

[Text] Dr. Zhelyu Zhelev acquainted himself with parts of the military and civilian production of the Sopot Military Complex, and also visited two museum exhibitions connected with the 55-year-long history of Bulgaria's military production. Afterwards the president of the Republic had a meeting with representatives of enterprises in the country's military-industrial complex, during which Dr. Iliya Vulchev, chairman of Metalkhim Holdings, spoke about the problems faced by the collectives of the military plants. He pointed out that so far the state has provided barely 10 percent of the funds for developing the Bulgarian military industry, and as a consequence of the 2 billion leva of loans the industry is blocked in practical terms by the high interest rate on the credits it has taken out. At the same time, the country's military plants possess production capacities and a staff potential ready to master new technologies for production sharing projects.

Dr. Zhelyu Zhelev expressed satisfaction with the flexible policy followed by the management of Metalkhim Holdings in connection with the conversion of military production. At present civilian production takes up 70 percent, and this is opening up new jobs in the current conditions of unemployment. Later on, Zhelev said:

[Begin Zhelev recording] The military industry is one of the main pillars of our national security. During my meeting with [name indistinct] and NATO Secretary General Woerner, I was given assurances that very wide cooperation is possible in the field of conversion of military production. I myself hope that, with the lessening of the sensitivity of the U.S. military budget, a development that I presume will be followed by other Western countries in NATO, some possibilities will be opened up for us, because this budget is

oriented toward some of the most advanced technologies, and we might be able to find a place to play a part, either on the basis of a production sharing supplier or in some other form. The possibilities that we can offer include much less expensive production, highly skilled labor, intelligent workers, and comparatively low wage rates. I believe that some chances exist for cooperation in this respect. [end recording]

During Zhelev's meetings with workers throughout the day it became clear that they were extremely dissatisfied with the level of their agreed wages, and that this was creating tension between the collectives and the management.

Power Strike; Military Plants on Strike Alert

*AU0412180191 Sofia BTA in English 1533 GMT
4 Dec 91*

[Text] Sofia, December 4 (BTA)—Today part of the personnel of the Maritsa-Iztok Power Generation Complex will go on a token strike, a representative of the strike committee told a press conference at the Confederation of Independent Trade Unions (KNSB) headquarters.

Seven enterprises from the complex, which includes mines, power generation plants and other production facilities, have joined the strike. Among them are transport, supply and construction auxiliary enterprises, or a total of 4,000 people threatened by impending lay-offs. The local branch of the other influential trade union amalgamation, the Podkrepa Labour Confederation, supports the strike. The two trade unions have signed a declaration to the Council of Ministers demanding that the programme for the restructuring of coal mining be abandoned because it will ruin the industry.

The Podkrepa Miners' Federation, however, does not support the protest actions and believes that the attempts to provoke a strike will prove futile. In the present winter conditions a four or five-day strike at the Maritsa-Iztok Thermal Power Plant would result in an electricity rationing of one hour off and three hours on and a ten-day strike will increase the black-outs to two hours. The Kozloduy Nuclear Power Plant cannot help because a week ago the government took a decision to shut down one of the generating units on safety grounds. During his visit to one of the mines last week President Zhelyu Zhelev was assured that the situation was calm.

Today the KNSB members employed in the military-industrial complex declared strike alert. 80 percent of the 90,000 employees of the complex are members of the KNSB. The reason for the strike, according to the strike committee, is the critical financial situation of the complex. The state owes it 2 billion in unpaid military deliveries. Moreover, the complex also has old debts on which it has to pay higher interest rates (over 50 percent). The emergency reserves imposed by the state are also a burden to the complex. According to the strikers, emergency reserves should be an economic and not an

administrative category. The strikers disapprove of the expected structural changes in the complex.

Until recently, a strike at a military plant would have been unthinkable.

KNSB Briefs Media, Denies Staging 'Strike Wave'

*AU0412212691 Sofia Khristo Botev Radio Network
in Bulgarian 1830 GMT 4 Dec 91*

[Text] At a briefing of the Confederation of Independent Trade Unions in Bulgarian [KNSB] journalists were acquainted with numerous social conflicts and with the causes of an incipient strike wave, which according to Diana Damyanova, deputy chairman of the KNSB, is not being staged by the Confederation.

The representatives of the mass media were briefed on strike actions in the Rozhen Express Transportation Company in Smolyan, in the Arsenal State Enterprise, and in the Maritsa-East Power Supply Complex.

There is even more: A news conference of the National Business Trade Union was held at the Sofia press agency headquarters, at which President Asen Chaushev spoke on the future actions of his trade union and on the future national congress of the white hats. [as heard]

Parties Register Presidential Candidates

*AU0412212491 Sofia Khristo Botev Radio Network
in Bulgarian 1830 GMT 4 Dec 91*

[Text] The Central Electoral Commission registered three groups of candidates for the posts of president and vice president of the republic in the upcoming elections at its meeting today.

They are: Andon Kolev Dochev and Nikolay Kirilov Skutov, who were nominated by an initiative committee calling itself Vote for an Independent President; Zhelyu Mitev Zhelev and Blaga Nikolova Dimitrova, nominated by the Union of Democratic Forces; and Dimitur Krumov Dimitrov and Tsvetan Tsvetanov Georgiev, nominated by the Free Democratic Party.

The documents of (Georgi Zhorzh), Ganchev Petrushev, and of Petur Kirilov Beron, who were proposed by the Bulgarian Business Bloc, were accepted by the Electoral Commission today and will be reviewed.

Program To Restore Kozloduy Reactors Submitted

*AU0312145491 Sofia DUMA in Bulgarian
28 Nov 91 p 2*

[DUMA PRESS report: "A Program on the First and Second Kozloduy Reactors Was Presented"]

[Text] A program on restoring and improving the first and second reactors of the Kozloduy Nuclear Power Plant was recently submitted. The purpose of the program, which was drafted by the management of the power plant and the Power Supply Committee, is to guarantee the safety of the reactors. This was announced at yesterday's news conference by Docent Yanko Yanév, chairman of the Committee on the Peaceful Utilization of Nuclear Power.

According to the program, work on the first and second reactors in Kozloduy is scheduled to begin as of 20 December 1991. One can hardly expect the control organ to review all aspects of the program within this short period, but there are certain things that are not subject to doubts and on which we can promptly start working, Yanko Yanév pointed out.

The development of a similar program by foreign experts was included in the projects of the EC Commission and of the international organizations. Its costs would have amounted to 11.5 million ECU. According to optimistic evaluations, even in the best of cases—assuming that the reactors are well restored and improved—they could be commissioned in 1995 at the earliest.

The precommissioning operations of the fifth reactor are in progress. If the control organ estimates that requirements have been observed, the 1,000 megawatt capacity could presumably be restored to our power supply system by Christmas, Yanko Yanév said.

Government Nuclear Waste Policy Criticized

AU0412163591 Sofia PODKREPA in Bulgarian
29 Nov 91 pp 1, 3

[Tsvetanka Rizova article; "Kozloduy Nuclear Power Plant Will Be Pretext of Attack Against Government"]

[Text] Several months ago Boris Yeltsin declared that nuclear waste will no longer be accepted on Russian territory. Until recently our highly radioactive waste from the nuclear power plant used to go there, on the basis of the agreements between the governments of Bulgaria and the USSR. The benefit was mutual—the Soviet military industry extracted plutonium and other elements needed for the production of nuclear weapons from the waste, and also promised to guarantee our security. Now there is no one to guard us against this, however, and the production of nuclear weapons is decreasing.

Aleksandur Tomov was in charge of nuclear power supply in Dimitur Popov's government. Why was it that after Yeltsin's statement Tomov did not initiate talks with Russia?

Furthermore, in regard to openness on the nuclear power issue, he deliberately ignored a problem which should hardly be ignored.

The old storage reservoirs were intended to store the fuel residues for a very brief period. The new reservoir that was built can contain it for no longer than 10 years. In addition, this reservoir has many shortcomings. The Committee on the Peaceful Use of Nuclear Energy has still not issued final permission to use that reservoir. The committee has agreed to allow partial use of the reservoir, however, because the old reservoirs which are in the proximity of the reactor are affected by corrosion and other defects, and tens of cubic meters of contaminated radioactive water are leaking out.

Essentially, we have not resolved the basic and most important problem of storing the residual nuclear fuels.

It is the opinion of almost all nuclear power supply specialists in our country that it is absolutely impossible to store super-radioactive waste "forever."

Just for your information, let me mention what a "permanent storage facility" would cost. According to the International Atomic Energy Agency, the construction of such a facility in Germany cost \$780 million and its annual maintenance is \$160 million.

Furthermore, the problem of nuclear waste cannot be resolved at all. (However, this does not prevent the apologists for nuclear energy in our country, united in the "Nuclear Society" Company, to discuss even the construction of a new, seventh reactor. Bonchev, Yanév, and Colonel Belokonski, advisers to the former deputy prime minister, and other supporters of the theories of the well-known American of Bulgarian origin, Peter Yanév, are members of this society).

According to certain specialists, Aleksandur Tomov's silence following Yeltsin's statement is a well-considered position. It is expected that certain circles will soon initiate an attack against the new government in connection with the Kozloduy Nuclear Power Plant, and more specifically, in connection with the highly radioactive residual fuels. Pressure will be applied to resolve the waste storage issue immediately. The government will naturally be the target of the attack.

Westinghouse Deal Threatens Nuclear 'Garbage Dump'

AU2811195891 Sofia PODKREPA in Bulgarian
23 Nov 91 pp 1, 2

[Tsvetanka Rizova commentary: "The Westinghouse Deal May Turn Bulgaria Into Europe's Radioactive Garbage Dump"]

[Text] The U.S. company Westinghouse won the trust of the Committee on Power Supply, and the latter selected the company as supplier for the equipment needed to process and store low-level radioactive waste at the Kozloduy Nuclear Power Plant. A few days ago, our newspaper warned that the deal in question arouses

doubts, and that it is hardly the best one that could have been struck. For this reason, we have tried to learn additional details.

Apart from Westinghouse, other companies also submitted offers, including the French firm SJN and the German company NUKEM. Specialists in the field were invited to discuss the offers, but unfortunately not all of them were impartial. According to our information, some of them (following several trips to the United States and lengthy talks with Westinghouse representatives) were biased toward the Westinghouse offer and succeeded in getting it accepted (with NUKEM also supplying part of the equipment). Unfortunately, however, the technology is far from being the best. I will mention only a few of its drawbacks.

First, the press is second hand and 15 percent of its value has been written off. There is no market for the repaired press, and we probably turned out to be the only possible buyer. On the other hand, the press will be able to "package" our waste in a year or two, after which it will stand idle. In order to make a more rational use of the millions invested, however, it is possible to arrange to process radioactive waste from other countries. This may turn Bulgaria into Europe's radioactive garbage dump. Westinghouse agrees to repair and maintain the installation only during the period when it is processing the existing radioactive waste, after which the company refuses to assume any commitment regarding the plant.

Furthermore, the technological equipment operates according to U.S. standards, not European ones, which means that it uses a 60hz alternating current supply (whereas the European standard is 50hz). The American system is not equipped with a tractor, which would make it mobile. The French offer provides for such a tractor, so that the processing system may also be used for waste from foreign nuclear plants but at the sites of these plants, which is important from the ecological viewpoint. The packaged blocks produced as a result of encasing the waste in cement are not licensed in the United States for ecological safety, and although the Americans provide some guarantee, we are not at all convinced that the blocks are safe. In the final analysis, Westinghouse has no developed strategy for long-term storage of the end products. Some kind of "eternal resting place" is assumed, but this does not form part of the commitments assumed by our American partners.

In the view of certain specialists, there are many unclear points in the contract signed with Westinghouse. In addition, the Committee for Peaceful Uses of Atomic Energy has not given its permission.

To put it mildly, the advantages of the other offers have been disregarded. One hopes that we will not once again turn out to be the victims of others' commercial interests.

Dienstbier Outlines Latest Foreign Policy Goals

LD0512103591 Prague Ceskoslovensky Rozhlas
Radio Network in Slovak 0900 GMT 5 Dec 91

[Report by correspondent Stanislav Benda on the 5 December Federal Assembly session]

[Excerpts] [passage omitted] Because Jiri Dienstbier, deputy federal prime minister and minister of foreign affairs, has already delivered an extensive report [at the November Federal Assembly session] that was reported in detail, today he asked permission to give just a short speech so that he could give an update on the events in recent weeks.

Dienstbier said that our state is always more dependent on European development than neighboring countries, and foreign policy, therefore, takes a crucial place in state policy. He recalled the signing of the treaty that resulted in the introduction of new customs tariffs in January and in a NATO invitation for 20 December issued to the foreign affairs ministers of former socialist countries.

The minister said that next week he will submit to the government the proposal to recognize the Ukraine and to establish diplomatic relations. He expressed the hope that a solution of the Yugoslav crisis is nearer and noted the need for Europe to adopt a collective course of action. It is evident that Slovenia and Croatia will be recognized this month, and we are prepared for it. However, the crisis in the Balkans must be resolved in a comprehensive manner, said Minister Dienstbier, and added that we will coordinate our further conduct with the European Communities. [passage omitted]

In connection with the treaty with the Soviet Union that is being drafted, Deputy Sahligerova noted the need to increase cooperation with individual republics, especially with those that possess nuclear arms.

Hungary and Poland have their own lobbies in the United States, she went on to say. Although Czechoslovakia also has its lobby, this lobby is against us because the assets of our American countrymen had not returned to them. This is what we must proceed from, and we should not regard our economic relations with the United States as too rosy. Mrs. Sahligerova recommended adopting a resolution though which the parliament would be able to acknowledge the report. [passage omitted]

Deputy Blazek is convinced that the foreign minister's report lacks some specific details, especially in the sphere of alternatives to the development in the East, above all on the Soviet Union's territory. With regard to our security and to the provision of energy resources, our foreign policy should be targeted precisely toward the East. Rapporteur Blazek noted the shortcomings of the report also with regard to the United States, where our producers are still facing certain trade barriers. However,

he also recommended that the chambers acknowledge the report. [passage omitted]

Opposes 'Unilateral' Moves on SFRY

LD0412174491 Belgrade TANJUG in English
1609 GMT 4 Dec 91

[Text] Prague, Dec 4 (TANJUG)—Czechoslovakia's Foreign Minister and Federal Vice-Premier Jiri Dienstbier said today the individual recognition of breakaway Yugoslav republics could split Europe. On his return today from Paris, where he attended a session of the Western European Union's parliamentary assembly, Dienstbier told journalists that "unilateral moves to recognize certain Yugoslav republic could create a danger of a division in Europe."

"Various European states could side with one or the other side in the (Yugoslav) conflict," he said.

In Dienstbier's view, "The best solution would be a halt to the fighting with the agreement of all involved parties, followed by the deployment of an international peace-keeping contingent in the crisis zones."

"This opens the door to a resumption of negotiations and a political resolution," he said.

The Czechoslovak minister has adhered to his position since the very beginning of the conflict in Yugoslavia, but it is in total opposition to that advocated on a number of occasions lately by President Vaclav Havel.

In Havel's view, "Czechoslovakia should not wait for any other country" before it recognizes Slovenia, followed by Croatia.

Ministry Official Discusses Soviet Trade Issues

AU0312162691 Prague HOSPODARSKE NOVINY
in Czech 25 Nov p 9

[Interview with Lubomir Martak, deputy federal minister of foreign trade, by Marcela Doleckova; place and date not given: "Next Year Will Be Different With the USSR"]

[Excerpts] [Doleckova] What is trade with the Soviet Union like this year in comparison with 1990?

[Martak] Any comparison is necessarily inaccurate, because we are calculating in dollars now. Nevertheless, according to the official statistics recognized by the IMF, exports in the first eight months of the year were 62.6 percent of what they were during the same period of 1990, while imports, on the other hand, are 12.6 percent, because they include crude oil with the price expressed in dollars. In these eight months, we have exported to the Soviet Union goods with a value of almost 38 billion korunas, and we imported goods worth more than 62 billion korunas.

[Doleckova] Do you consider this to be a catastrophic situation?

[Martak] No. In some areas, the decline in trade with the Soviet Union is smaller than the current drop in Czechoslovak production. [passage omitted]

[Doleckova] How are payments made in trade with the USSR?

[Martak] For this year, we have a basic agreement with the center, that includes indicative lists of goods. According to this agreement, the value of Czechoslovak exports should be \$1.78 billion, and the value of imports \$2.2 billion. The treaties with the republics set exports of \$828 million and imports of \$657 billion. If I were to use the old terminology, then the "planned" exports total \$2.61 billion and imports \$2.8 billion. It is necessary to point out that no oil deals are included in these lists, and we pay for oil in convertible currency.

[Doleckova] Nonetheless, it is rumored that Czechoslovakia is losing its convertible currency in trade with the USSR.

[Martak] Yes, this could happen. I can use iron ore as a specific example. It is on indicative list No. 1, but the Soviet supplier was willing to ship only in return for payment in convertible currency, and the Czechoslovak buyer signed the convertible-currency contract. Of course, the Czechoslovak commercial bank should not have let him do this. We have stopped this type of contract and forced Czechoslovak importers to offer the Soviet Union our goods. [passage omitted]

[Doleckova] How is the trade based on indicative lists conducted on the level of the republics?

[Martak] It is not very successful. We expect that the imports and exports could be close to \$350 million. Of course, in addition to the trade based on indicative lists, there are direct deals paid in convertible currency, and the exports there should reach about \$470 million and imports \$1.84 billion. So, to sum it up, exports earn \$2.3 billion and imports should reach \$3.3 billion. This includes the central indicative lists, republican lists, convertible-currency trade, and barter trade with the republics.

[Doleckova] What is the current Soviet debt?

[Martak] The Soviet Union owes us \$2.2 billion for trade in 1990. Moreover, in 1989 we provided the USSR with a \$2 billion government credit, the payments on which, however, according to the agreement, will not begin until 1996. Nonetheless, we will collect the interest. A mechanism was drafted for settling payments of debts from integration projects, and we have used it. For example, this year we will pay only one-third of the actual cost for the shipments of Soviet natural gas. One-third of the cost is for transit, which Czechoslovakia is not paying for, and one-third is a payment on the debt owed to Czechoslovakia. [passage omitted]

[Doleckova] Can you estimate what will happen in 1992?

[Martak] One of the first issues to be dealt with in the negotiations for next year is payment of the 1990 debt. We certainly have to draw a lesson from this year's situation. Our point of departure is the fact that we are dealing with the republics. [passage omitted]

[Doleckova] Do you think it is possible that West European countries or the United States would provide Czechoslovakia with money to finance exports to the Soviet Union?

[Martak] It is possible but not definite. An exception might be the food that we are trying to sell on the West European markets that have political concerns about these sales. Otherwise, I do not know any country in the world that would provide credits for trading with another partner. It is not typical for a market economy.

Carnogursky Evaluates Progress of Gabcikovo Talks

*LD0412123191 Bratislava Ceskoslovensky Rozhlas
Radio Network in Slovak 1100 GMT 3 Dec 91*

[Excerpts] Talks on the Gabcikovo-Nagymaros hydro-project continued yesterday in Budapest. The meeting was characterized by the wish of both sides to accommodate each other's point of view. [passage omitted]

Among the journalists following the talks, even though they were held behind closed doors, was Jan Janosi:

[Janosi] [passage omitted] Our side described as a positive feature the fact that the Hungarian delegation, led by Minister Without Portfolio Ferenc Madl, agreed to set up a joint specialist commission with the participation of experts from the EC. The commission would be free to set up specialist subcommissions. [passage omitted]

The course of the talks was evaluated first by Slovak Prime Minister Jan Carnogursky. He said, among other things:

[Begin Carnogursky recording] Whether the Czechoslovak side will or will not carry on with the construction on its territory while the commission of specialists remains functional for several months remains controversial. The works will not interfere with the bed of the Danube, but it will be possible to unilaterally start the operation of Gabcikovo upon completion, which will be approximately before the end of next year. This would be a temporary, alternative technical solution concerning only Czechoslovak territory. The Czechoslovak delegation has not undertaken any obligations that would limit our right to carry out such works, as it would concern works on our territory and, because the Hungarian side has, in our opinion, breached the 1977 agreement by not carrying on with the construction at Nagymaros—and mainly because the Hungarian side has not provided any guarantee that it would be willing to agree to an alternative solution enabling Gabcikovo to become operational.

In an attempt to move toward an agreement, we have offered to suspend the work done so far, in case the

specialist commission will have—let us say in June of next year—submitted a report that would make it possible for both sides to agree on a joint solution. We are even prepared to remove objects, if necessary, that would not fit in with such a joint solution and would naturally continue until we do find a joint solution.

The Hungarian side demands that we announce within ten days whether we are willing to stop the work on our territory—with the proviso that the government will decide on the issue from then on. [end recording]

[Janosi] Ferenc Madl, head of the Hungarian side, said they are expecting a positive answer. If we answer negatively, the Hungarian side can pull out of the agreement. [passage omitted]

Prime Minister Jan Carnogursky gave the following reminder:

[Begin Carnogursky recording] I think it is in the interest of both states not to overdramatize this dispute about the state of the Gabčíkovo-Nagymaros hydroproject and, most of all, not to let the difference on this issue taint other issues of our relations. We have to remember that our strategic interest is to strengthen cooperation between Poland, Czechoslovakia, and Hungary. Against the backdrop of cooperation between these three states, the Gabčíkovo-Nagymaros question is less significant. But if the Gabčíkovo-Nagymaros issue is blown out of proportion, it could have a negative influence on cooperation between these three states, as Slovakia is in the middle of this grouping. [end recording]

[Janosi] [passage omitted] However, one last question was directed to Jan Carnogursky before he left the Hungarian parliament:

[Begin recording] [Unidentified speaker] Has today's discussion resulted in deadlock?

[Carnogursky] Today's discussion has been at least a confirmation that both sides want indeed to continue the dialogue. It would be in the interests of both countries not to give the impression that they are no longer interested in continuing with the dialogue. [end recording]

Soviet Envoy Lebedev Hands Over 1968 Documents *LD0212235991 Prague CSTK in English 1128 GMT 2 Dec 91*

[Text] Prague Dec 2 (CSTK)—Documents concerning Czechoslovak-Soviet diplomatic activities connected with the August 1968 Soviet-led invasion of Czechoslovakia were handed today to Czechoslovakia by Soviet Ambassador to Prague Alexander Lebedev.

More than 200 pages of documents from 1968-1969 were taken over by the chairman of the Czechoslovak Government commission for analysis of the 1969-1970 period, Vojtech Mencl.

"The letter of invitation (ed.-for Soviet troops to crush the Prague Spring reform movement) is not among the documents. It is possible that the letter does not exist", Lebedev said.

Taking part in the ceremonial handover were also "men of the Prague Spring"—Zdenek Mlynar (member of Communist Party Presidium in 1968), Jiri Pelikan (the 1968 director of Czechoslovak Television), and Oldrich Cernik (the then Czechoslovak premier).

Lebedev said it was them who made "the first step of perestroika".

Mencl said all documents will be analysed and consequently the public will be informed.

Leaders Hold News Conference on Budget Talks

*LD0512113491 Prague Ceskoslovensky Rozhlas
Radio Network in Czech 1514 GMT 4 Dec 91*

[News conference with Federal Finance Minister Vaclav Klaus, President Vaclav Havel, Czech Prime Minister Petr Pithart, and Slovak Prime Minister Jan Carnogursky, and unidentified moderator; in Brno on 4 December—recorded; Carnogursky speaks in Slovak]

[Text] Let us return to the talks about the budgets in Brno. A short while ago, at the end of the talks, the participants gave information to journalists. First Vaclav Klaus, deputy federal prime minister and finance minister:

[Klaus] Permit me to read to you the communique from today's meeting:

The participants expressed a common will to solve the current budget problem during this December, in order to prevent having a provisional arrangement with regard to the budget. If the arrangement was provisional, this would mean giving very undesirable signals both to our country and abroad.

Second, the participants underlined the fact that the mutual interdependence and also the special tension with regard to the entire budget system for this and next year require that the application of principles of economic transformation and also of social policy are unified on the territory of the entire federation. This is what makes it possible to proceed from the civic apportionment as a lasting principle of the common state.

Today's meeting linked the Bratislava talks of the three ministers of finance to the approval of the draft of the Slovak budget by the Slovak Government, to the stance of the Czech Government on the draft of its budget, and to the results of the discussion on the budgets by the Federal Government.

The participants in the meeting agreed on a proposal that they will immediately put forward to all three governments. It aims to reinforce the budgets of both republics at the expense of the budget of the federation. It will take

the form of a single grant amounting to 5 billion korunas, which will be divided in ratio corresponding to the number of inhabitants: This means 3.3 billion for the budget of the Czech Republic and 1.7 billion for the budget of the Slovak Republic. Budgets designed in this way would considerably reinforce the desirable principle of the dependence of the budget expenses of the republics on the creation of the budget's resources. The role of the federation in the implementation of the principles of civic appurtenance would be preserved. The budget figures discussed today contain both these principles in a way that is—I would like to emphasize this—acceptable to all participants in today's meeting.

Today's agreement is based on the conviction that all participants share, to the effect that a common state is a constitutional and economic fact, and also that such a state will continue to be reinforced by the budget system proposed today for 1992.

This is our formal communique from this meeting, which as you can see offers a viable solution to this problem for all of us in the shortest possible time.

[Moderator] I thank Vaclav Klaus, and ask President Vaclav Havel to take the floor:

[Havel] I have attended this meeting, on the one hand, because Federal Prime Minister Marian Calfa is absent from Czechoslovakia, and we both agreed that it would be appropriate for me to attend the meeting, and on the other hand—and this is the main thing—because discussions about the budget are not a purely financial and technical matter but are, at this moment, a matter of paramount political importance.

I am glad that the model that you have been briefed on by Vaclav Klaus and that he may possibly explain to you in greater detail later has been founded here and that it is acceptable to all concerned. This is a signal that both republics realize their joint responsibility for our common state and for its near future, and their joint responsibility for the impact of the economic reform on both our republics. We must be able to separate two things from each other: first, where we live—we live in the Czech and Slovak Federative Republic; second, what we intend to do—we intend to rebuild our state from within. We are pondering and are engaged in intensive talks about the new structure of representative bodies. We are engaged in discussions about new and more equal relations between our two republics within our federation. We are striving to build a democratic federation.

Our objective is to work in a constitutional way toward a new and better form of our common state. These considerations about our future, these conceptual considerations, must not, however, lead us to neglect our joint responsibility to run this state and to lead it toward economic reform. It is clear that this common state must redistribute resources in a certain manner in accordance with the needs of various regions, various departments, and branches. Every state

does this, whether it is a common, combined, or unitary state. This is completely self-evident, and we indeed proceed from this self-evidence.

Certain doubts that had occurred in the Czech National Council or the Czech public were motivated by doubts cast in Slovakia on this common state or its immediate future. I, however, believe that at this moment it is important to separate completely the first from the latter, that is to separate the contemplation of our future from our present-day joint responsibility toward the whole state. I firmly believe that budgets drawn up in accordance with this key, of which you shall be briefed or perhaps already have been, will find a favorable response in all three parliaments.

[Moderator] I thank the president of the republic and I ask Czech Prime Minister Pithart: to take the floor.

[Pithart] Naturally, the prime minister has no right to obligate his government. I can only voice the conviction, the hope, that the Government of the Czech Republic, which is in session at the moment, will adopt the conclusions of this communique. Recently, in our deliberations the sum of 5.4 billion korunas appeared; that is, we did not consider it necessary just to supplement our resources but as absolutely necessary. At the moment, we are still lacking 600 million korunas. The government considers this sum an acceptable compromise; that is the part that we are obliged to bring as a contribution to the cohesion of the common state.

No doubt, there are ways, by means of more efficient activity by financial authorities and savings measures, by which it is possible to arrive at this sum. For this, you naturally need a certain explanation at the moment. The explanation is as follows: In the budget of the Czech Republic, one assumes the transfer of a certain amount of the deliveries from the wages for employees with permanent address in the Slovak Republic and working people in the Czech Republic [sentence as heard]. In our view, this is a fully justified requirement.

In the Bratislava talks, one still assumed the transfer of funds to the value of 3 billion korunas. After careful calculations, however, it has transpired that the correct amount is only 1.5 billion korunas. The Bratislava model then had to be adjusted with regard to the remaining sum, in favor of the Czech Republic. In our budget, then, one has 1.5 billion more, which together with the 3.3 billion amounts to 4.8 billion korunas—hence, the sum of 600 million korunas that we lack.

In the fifth paragraph of our communique, we noted that budgets conceived in this way will mean a pronounced strengthening of the desirable principle of the dependence of the republics' budgetary expenditure in creating budget resources. I admit that this formulation, at first sight, may not be totally clear. That is why I should like to stress that in 1992, budgetary expenditure per head in the Czech Republic will, for the first time, be higher than in the Slovak Republic. The difference will be 323 korunas, after the corrections of redivisions carried out

on the level of the federation. Seemingly, this is not much in view of the overall sum of expenditure per head. In the Czech Republic next year, this should be 28,867 korunas but, in any case, this is a turnover corresponding to a higher creation of budgetary resources in the Czech Republic.

It is true to say that, as early as last year, the expenditure per head in the Slovak Republic exceeded the expenditure in the Czech Republic by 826 korunas. The turnover of 323 korunas in favor of the citizens of the Czech Republic means an absolute difference of 1.149 korunas. If these budget proposals are approved, we have fulfilled the fifth chapter of our communique, which forms exactly one half of the important part. The second important half of this means that the role of the federation in implementing the principle of civic coexistence remains preserved. But, that is, I would rather say, the domain of my colleague, Prime Minister Carnogursky.

[Carnogursky] My task at these talks was made rather easy for me, as these talks were, in fact, caused by the Czech Government's decision not to approve the agreement adopted at the Bratislava meeting of the three ministers of finance. The Slovak Government drafted a budget according to this agreement and, subsequently, approved this budget bill.

To put it simply, I arrived to attend these talks with three [as heard] starting points that have been respected in today's talks. The first is that Slovak budget income—as outlined in the Slovak budget draft, both as outlined directly in the Slovak budget draft and as envisaged to come from the federal budget—cannot be reduced. I did not object to the Czech Government's possible proposals, wishes, or objections concerning the Czech budget being met, provided that this is not going to be done at the expense of the Slovak budget income. On the basis of the figures you heard today, such a solution has been found. This means that meeting the demands by the Czech Government is not based on reducing the Slovak budget income. It could be said that, in fact, it is on the contrary, but of course it is relatively a small sum. On the basis of this agreement, the Slovak budget income is to be increased by 200 million korunas—in the sense that we will receive a subsidy of 1.7 billion korunas from the federal budget, but the transfer of 1.5 billion korunas from the Czech budget is cancelled, because of the compensation for Slovak citizens of the Slovak Republic working in the Czech Republic.

The second starting point was that I was neither entitled to nor willing to restrict in any way the freedom of the Slovak political representatives—be it the Slovak National Council or its Presidium, or the Slovak political parties and movements—that I was neither entitled to nor willing to restrict their freedom to put forward proposals and hold discussions about the future form of a constitutional setup of our common state. My stance has also been respected, and nothing in today's agreement, in the communique, binds the Slovak political

representatives to restrict in any way their freedom in future talks or, of course, in their internal decisionmaking. That is all.

Pithart on Czech Government Views

LD0412225391 Prague Ceskoslovensky Rozhlas
Radio Network in Czech 1804 GMT 3 Dec 91

[Interview with Czech Prime Minister Petr Pithart by unidentified correspondent; date and place not given—recorded]

[Excerpt] [passage omitted] [Correspondent] You delivered an important address in the Czech National Council today concerning the viewpoint of the Czech Government on the change in the budget, or budgetary rules, for 1992. Do you feel that you hinder the 12 members of the Slovak Government who are in favor of the (?federation)?

[Pithart] I appreciate this step by the 12 members of the Slovak Government very much. [passage indistinct] I said that all we can do is not only to expect, but to demand, further guarantees prior to a definitive debate on the budget in the Czech National Council scheduled for 18 December. We need further guarantees that this viewpoint will not be questioned, that those who endorsed it in the Slovak Government will not be doubted or recalled. I proposed to the Czech National Council, to its Presidium, that they ask for these guarantees, because if they are not given, we will hardly be able to adopt or propose the pro-federal budget we are proposing. We must be sure that a few days, weeks, or months after adopting this strict pro-federal budget, the common state will not fall apart.

[Correspondent] Mr. Prime Minister, will the Czech Government then be the initiator of further meetings and further talks about the state-administrative arrangement?

[Pithart] I think that the presidia of the National Councils will break after the talks. At Casta-Papiernicka, they agreed that they will meet in approximately three weeks. I recommended that the Czech National Council insist on this meeting, so that one can confirm whether the Presidium—or better, the entire Slovak National Council—stands behind this new viewpoint of the Slovak Government. If we do not get such evidence, we have no choice but to start working more intensely than before on the second budget. That is the budget stemming from the principle that everybody should defend what is theirs. This idea stems primarily from Slovakia. This would then be a truly different budget.

[Correspondent] Mr. Prime Minister, thank you for this interview.

Calfa Comments on Budgets

AU0412154391 Prague LIDOVE NOVINY
in Czech 30 Nov 91 pp 1, 8

[Interview with Prime Minister Marian Calfa by Jana Smidova; place and date not given: "A Test of Goodwill"]

[Text] [Smidova] Settling the budgets is seen as a test of goodwill for maintaining the joint state....

[Calfa] We took this test a year ago, during the budget negotiations with former Slovak Prime Minister Meciar and Minister Kovac. They came up with a concept that corresponded to Meciar's theory of "everyone for himself." This is a very unfortunate philosophy, because the economy was never constituted on an independent basis, and it is very difficult to suddenly dismember it. It is necessary to ensure that conditions for our citizens are equal. Everything else is up to the people, that is, how they "look after themselves." However, we should draw the same starting line for everyone.

[Smidova] It is claimed in the Czech Republic that the Slovaks contribute less, but take more.

[Calfa] This year the budgets have to be fairer. It must be clear that the Czech side contributes more. It is necessary to make this clear to the Slovak side. This is hard for Slovaks to bear from the point of view of national pride, but financial reality is financial reality. Finally, a ratio of 42.5 to 22.5 percent between the Czech and Slovak Republics has been approved, while the federation's share (35 percent) remains the same. The will to embark upon this road has been confirmed, and this is a classic example of why a joint state is necessary.

[Smidova] Could these promising negotiations not be reversed by the Slovak National Council [SNR] session on 18 December and by the possible resignation of the Slovak Government?

[Calfa] If the SNR displays adequate responsibility, it will confirm the Slovak Government's declaration on the joint state. I am certain that the Czech National Council will also adopt a positive point of view. However, if the SNR casts everything into doubt, then the budgets will indeed be endangered.

[Smidova] What would that mean?

[Calfa] According to the law, we would proceed in accordance with the provisional budget arrangement, that is, in accordance with the plan already fixed. Of course, this would have the effect of torpedoing considerations on the joint state, and the Slovak side is aware of this. The only direct criticism has come from the Slovak National Party.

National Council Leaders Discuss Havel Proposals

AU0412145591 Bratislava PRAVDA
in Slovak 27 Nov 91 p 4

[Interview with Czech National Council Chairman Dagmar Buresova and Slovak National Council Chairman Frantisek Miklosko by Antonia Vymazalova, Stefan Hrcaka, and Peter Misur, in Prague and Bratislava, respectively; date not given: The "President Wants the Necessary Powers"]

[Text] The recent presidential initiative, expressed in the form of draft amendments to constitutional laws, is evoking diverse reactions on the political and civic scene in the Czech Republic and in Slovakia. Therefore, we approached Czech National Council Chairman Dagmar Buresova in Prague and Slovak National Council Chairman Frantisek Miklosko in Bratislava. They replied to identical questions but independently of one another:

[PRAVDA] Was the president's television speech on 17 November based on the present state of the preparations for a new constitutional arrangement of Czechoslovakia?

[Buresova] The president's television speech undoubtedly was a reaction to the last talks between the National Council presidia. The outcome of these talks, however, was not the only impetus. Therefore, the presidential speech must be assessed within the wider context of the critical phenomena in our society.

[Miklosko] I perceived it as a warning, a speech, at a time when he, the last integrating figure of the common state, can wait no longer. He acted as if he felt that the talks are at an impasse and running on borrowed time, that anything could happen. Considering the formal proceeding in the Federal Assembly, I am convinced that it was the right time for Vaclav Havel to speak up. I completely endorse his speech, although I realize that without the political will of the National Councils, without any steps toward an accord on their part, the adoption of the presidential proposals in the Federal Assembly will be very difficult.

[PRAVDA] The president proposes a bill on a new structure for the federal representative body, as he advocates a one-chamber Federal Assembly and a Federal Council. The National Councils favor a two-chamber Federal Assembly composed of a Deputy Chamber and a Senate. Will you give up your own ideas and accept the president's proposals?

[Buresova] The new structure of the federal representative body has not been conclusively evaluated by the National Council presidia. The working draft prepared by experts that served as a basis for the talks in Casta-Papiernicka considers both alternatives. The final decision may also be influenced by the amendment to the constitutional law on the Czechoslovak federation

regarding the procedure for the adoption of a new constitution of the common state.

[Miklosko] The single-chamber Federal Assembly with a Federal Council is something completely new, unprecedented anywhere. There is the Bundesrat in Germany, but it is composed of representatives of the laender governments. The Federal Council, however, would be composed of 15 Czech National Council deputies and 15 Slovak National Council deputies, and an absolute majority in either part would have the right of the so-called suspensive veto. It means that eight deputies from the Czech National Council or, as the case may be, from the Slovak National Council, could return any law to the Federal Assembly, where the ban on the imposition of the majority's will [zakaz majorizace] would apply. Hence, the law could be extended to apply to any law. The foundation of a Federal Council is an untested experiment. The council might enhance the interest of the republics in the common state. The two-chamber parliament composed of a Deputy Chamber and a Senate is in use elsewhere. Each chamber would meet independently. The Senate would be similar to the present Chamber of Nations, but smaller, and not all laws would go there. If a two-chamber parliament existed, it is being considered that direct involvement of the republics in the common state could be secured by a repeated ratification—the laws of immediate concern to the republics, for example, fundamental constitutional laws on changes in the division of powers, would be subject to ratification by the National Councils.

It is true that both National Council presidia voted in Casta-Papiernicka in favor of the Senate. It is difficult, however, to speak about a view shared by both National Councils, that they prefer the two-chamber Federal Assembly, before the discussion of the issue in the deputy clubs.

[PRAVDA] If the constitutional law on the transformation of the federal parliament is not adopted, does it mean that the Federal Assembly elections will not take place? Will the Federal Assembly and Czechoslovakia vanish as President Vaclav Havel "prophesies"?

[Buresova] I do not really think so, if all interested parties will follow the constitutional procedure. In any event, elections to the old structure of the Federal Assembly would complicate matters even further.

[Miklosko] This danger does not exist. I am convinced that the deputies have no reason to block the constitutional law on the new form of the federal representative body, be it a two-chamber Federal Assembly or a one-chamber Federal Assembly and a Federal Council. Should the deputies, however, not adopt the law, the present constitutional state will be preserved, and we would vote in the next elections to the current type of Federal Assembly.

[PRAVDA] What would happen if the National Councils did not sign an inter-republic treaty on the constitutional arrangement? Would Czechoslovakia disintegrate?

[Buresova] If both sides observe the current Constitution, disintegration of the common state cannot occur even then.

[Miklosko] Apparently the certain mistrust between the National Councils and the republics would deepen, and the tension in the framework of both political scenes would grow. If the treaty were not signed, I do not believe that it would be because of ineptitude of the political figures. It would testify to the complexity of the relations between our republics, to the difficulty of finding a solution to the current state, and that the situation on the political scene and among the people in this postcommunist, posttotalitarian period is very arduous. It would not, however, necessarily mean a disintegration of Czechoslovakia. If the treaty were not concluded, the current constitutional state would be in force. The solving of this fundamental problem would probably be postponed to the next electoral term, but this is not a very attractive alternative. We are aware of the fact that it would be advantageous to settle these problems precisely in this period of the complex economic situation.

[PRAVDA] Do you agree with the extension of presidential powers in the CSFR?

[Buresova] I believe that the proposed measures are aimed at legalization of only such presidential powers as are necessary for the operation of a parliamentary republic. Hence, we are not dealing with an extension of presidential powers beyond a framework customary in the constitutions of other republics.

[Miklosko] The current presidential powers are inadequate. To what extent they should be expanded so that they could not be abused in the future—I do not expect abuse by Vaclav Havel—is certainly difficult to say. The president should have the right to dissolve the parliament that is incapable of action and to call early elections in this context. Then, at a time when the Federal Assembly does not exist, the president should have the right to issue presidential decrees with the power of law since, after all, their eventual ratification by the parliament is expected.

Vavrousek Defends Handling of Ecology Information
AU0412161691 Prague LIDOVE NOVINY
in Czech 30 Nov 91 p 3

["(lb)"]-signed report: "What Is Not Prohibited Is Permitted]

[Text] Prague— One of the items on the list of state, economic, and official secrets issued by the Federal Interior Ministry applies to ecology. This information appeared in the "Events and Commentaries" television program on 27 November. Slovak editors complained that information on ecology is classified and that Josef Vavrousek, chairman of the Federal Committee for

Ecology, had not kept his promise to supply appropriate offices with a commentary on the list.

"I assumed that the list would be interpreted according to the logic of a normal democratic state, that is, according to the principle that everything that is not prohibited is permitted," Minister Vavrousek said on this subject yesterday. "According to the list, 99.5 percent of all information concerning ecology is no secret. Only such information that could cause mass hysteria and panic is on the list. It is a sort of insurance that enables us to temporarily withhold information that could cause serious alarm. It is not something to help us conceal information." Another item on the list applies to the defense of the state. We are not going to classify the boiler room in the Pardubice barracks, about which everyone has known for a hundred years.

On the list, there are documents evaluating the ecological consequences of development concepts and programs and investment projects designated for the defense and security of the state. The last item on the list is documents making up part of international treaties, or analyses of technology bought in other countries—which are

also classified if the other country so wishes. Minister Vavrousek said that he underestimated the importance of providing the commentary. He considers the explanation given on television as distorting. Because of this, and because he wants to keep his promise, yesterday he sent a detailed explanation of the list to all appropriate offices, including both Ministries of Environment.

The law on the environment should contain a passage dealing with the right of people to information. As early as June, the Federal Ministry of Environment issued a report on the environmental situation and handed it over to the Federal Assembly. This report will be available to the press within two weeks. Within the framework of the State Ecological Program, the Federal Ministry of Environment is working on a large Ecological and Health Care Atlas, which describes the situation in ecology and health care. It will be published soon and will be available to the general public. "The attempt to interpret the list as intentional withholding of information on ecology—except specific, narrowly defined areas—is an absolute and intentional lie," Minister Vavrousek said.

Antall Previews Visit to Moscow, Ukraine*LD0512094291 Budapest Kossuth Radio Network
in Hungarian 0600 GMT 5 Dec 91*

[Interview with Prime Minister Jozsef Antall by Henry Havas in Budapest on 4 December—recorded]

[Text] [Antall] My visit to the Soviet Union is a specific [as heard] visit. I am going for 24 hours. During this time I will be in Moscow to meet Gorbachev and Shevardnadze and then Yeltsin and his government.

[Havas] You will sign two agreements.

[Antall] In the afternoon I will go to Kiev on the way back, as we are the first to have established diplomatic relations [with the Ukraine] which is very important. We have had a close relationship with the Ukraine since last summer. The Ukraine is our neighbor. As it has declared its independence, I would have to go to Moscow via the Ukraine anyway. Russia and the Ukraine are our main trade partners. And 200,000 Magyars live in sub-Carpathia and—I have never made a secret of this—the protection of the Magyar minority and consideration of their cultural and language interests is not the only aspect but is a very fundamental aspect in our political, foreign political relations with each neighboring country. Put simply, we cannot have good relations, particularly not very good relations with a country which does not operate a European national minority policy with the Magyar national minorities.

Bulgarian Foreign Minister Discusses Coordination*AU0212192491 Sofia BTA in English 1852 GMT
2 Dec 91*

[Text] Budapest, December 2 (BTA)—An agreement was reached on the coordination of Bulgarian and Hungarian policy towards the Yugoslav crisis, it was announced today after the one-day working visit to Hungary of Mr. Stoyan Ganey, Bulgaria's deputy prime minister and minister of foreign affairs. Mr. Ganey met with Hungarian Foreign Minister Geza Jeszenszky and was received by Prime Minister Jozsef Antall. The talks showed that the two sides held identical views on many problems. Mr. Ganey and his Hungarian colleagues exchanged views on a number of international problems and particularly on the situation in Yugoslavia.

The ministers paid considerable attention to the aggravation of ethnic problems in the East European countries, on which certain forces are trying to capitalize, and agreed that they should be solved in accordance with the highest international standards.

The ministers discussed the state and future of the Bulgarian-Hungarian relations and ways for their development.

Mr. Ganey invited Mr. Antall and Mr. Jeszenszky to visit Bulgaria. The invitations were accepted with gratitude, Ministry of Foreign Affairs sources told BTA.

Guard Commander Discusses Border Situation*AU0412200191 Budapest NEPSZAVA in Hungarian
3 Dec 91 p 3*

[Interview with Major General Balazs Novaky, national commander of the Interior Ministry Border Guard, by Katalin Decsi; place and date not given: "We Have Only Received Mines and Not Answers—Commander of the Border Guard on Incidents, Accusations, and Border Violations"]

[Excerpt] [passage omitted] [Decsi] After Belgrade, you held discussions with your Romanian counterpart. What is the situation at the Hungarian-Romanian border? Are people continuing to cross the border illegally?

[Novaky] Groups that often used to consist of 100 people that would come through the open fields are becoming infrequent. However, the actual number of border violators has not decreased, but they now arrive in groups of 15 to 20, with the help of people who smuggle human beings. There have been 28,100 cases of border violations since the beginning of 1991, whereas there were 13,000 cases in the whole of 1990. In 1991, we have captured almost 200 people who smuggle human beings. As a result of southeast and northwest migration, we had to deal with border violators from 94 countries in 1991. It is only possible to deal with this great problem through international cooperation. The Romanian border guard is the right partner in this respect.

[Decsi] Did you talk about the greatly increased waiting time at the Romanian-Hungarian border?

[Novaky] We cannot tell our neighbors how to treat travelers because that would constitute interference in the internal affairs of another state. Naturally, we bring up this issue at every opportunity. However, we also have to take into consideration the fact that our border checkpoints are outdated and that they have a small capacity. In other words, many issues will have to be solved before we can settle this issue once and for all.

Antall Comments on Coalition, Bank President*LD0512125491 Budapest MTV Television Network
in Hungarian 0530 GMT 5 Dec 91*

[Excerpts] Late yesterday evening the Hungarian prime minister dealt with topical internal political issues in an extraordinary television interview. Now listen to some of his more important statements. Jozsef Antall praised the 18-months of activity by the coalition led by him.

[Begin recording] [Antall] Up to now the Democratic Forum and the government coalition, alone in the region, have been able to lead and maintain this country in a stable way. It would not be appropriate for me to repeat the situation analysis of the opposition parties. I

respect a lot of people from these opposition parties, and there is a need for these opposition parties, and it is important that they have a future. What is more, I regard it as a very big problem—and this regards the whole region—that there is not a normal social democratic party. [end recording]

The prime minister rejected accusations that there are no suitable experts in the government.

[Begin recording] [Antall] Half of the members of the Hungarian Government are in the various "Who's Who" volumes on the basis of their own professional activity before they had even become ministers or state secretaries. [passage omitted] [end recording]

In the interview the prime minister expounded on the latest personnel decisions, such as the dismissal of the president of the National Bank. Jozsef Antall repeated his view that the signing of the Democratic Charter—that is an opposition leaflet in his opinion—is a mistake of judgment from a president of a bank of issue. He also pointed out that the National Bank and the Government will continue a severe financial policy. [passage omitted]

Defense Ministry Changes Hint at MDF Control AU0512080991

[Editorial Report] Budapest NEPSZAVA in Hungarian on 3 December on page 5 carries a 600-word report by Irene Szabo on recent personnel changes in Hungary's Defense Ministry, under the headline: "Defense Ministry Reshuffling—Civilian Hungarian Democratic Forum Crew Among the Soldiers?"

In her report, Szabo outlines the recent personnel changes that have taken place in Hungary's Defense Ministry and points out that many of the newly appointed staff members are affiliated with the Hungarian Democratic Forum (MDF). The NEPSZAVA report begins by remarking that "the civilian minister who heads the Defense Ministry, Lajos Fur, is receiving increasing civilian support. Apart from Political State Secretary Erno Raffay and Deputy State Secretary Rudolf Joo, newer and newer civilians are reaching important mid-management positions through the restructurings that have begun in the ministry." The author of the article goes on to list the most recently appointed officials, including "Dr. Csaba Hende (MDF member), who recently 'inherited' the position of 'ministerial parliamentary secretary.' As for the 'department for legal matters and administration,' this is now headed by 'Dr. Zoltan Bansagi (MDF member).' Szabo notes the appointment of a third MDF official: The "Defense Ministry's department for social relations" is now headed by "Laszlo Szoke, who used to be an activist in the MDF's election campaign."

The article reports on two other personnel changes in the ministry. "Colonel Laszlo Erdos" now heads the "personnel department," and "Colonel Istvan Dekany has received a position in the personnel directorate of the

Defense Ministry's headquarters." Moreover, the article notes that a statement made recently by the Defense Ministry's spokesman indicates that "it is very likely that the department for security policy and international affairs will split in two, and that a department of security policy and a department for international affairs will operate separately."

Comment on Dismissal of Bank Chairman Suranyi AU0412153391

[Editorial Report] Budapest MAGYAR HIRLAP in Hungarian on 2 December on page 7 carries a 900-word editorial by Ivan Gador on Prime Minister Jozsef Antall's dismissal of National Bank Chairman Gyorgy Suranyi, under the headline, "Victim of a Delusion." On page 9 of the same issue, MAGYAR HIRLAP carries a 1,300-word commentary on Suranyi's dismissal by Tamas Bauer, economic expert of the Alliance of Free Democrats, under the headline, "An Independent Issuing Bank Is One of the Fundamental Elements of Democracy—Government's Cadre Policy Changes."

In his MAGYAR HIRLAP article, editor Ivan Gador argues that the alleged reason for Suranyi's dismissal—"Ivan Suranyi's capital crime was to have signed the Democratic Charter"—is an insufficient reason for the removal of an economic expert of his caliber. Gador begins by explaining the prime minister's argumentation—as put forward in a televised speech on 30 November—namely that the National Bank can only be headed "by someone who does not in any way question the fact that Hungary has a full democracy." Indeed, according to Antall, anyone who has signed the Charter "is shouting for freedom where there is freedom. In other words, that person is victim of a delusion, or he is stating an untruth." In his editorial, Gador notes the reactions to Antall's decision to dismiss Suranyi: "In a paid advertisement that you will find in our edition today, 100 Hungarian economists and other intellectuals exclaim: 'This could happen to anyone....'" (The advertisement features a full-page photograph of Suranyi.)

Having outlined how Prime Minister Jozsef Antall must have reasoned when he reached his decision, Ivan Gador points out how the prime minister and the National Bank chairman interpreted the Democratic Charter's intentions in different ways. Gador believes that Suranyi must have read "what it actually said" in the Charter, and he quotes: "We the signatories of the Democratic Charter raise our voices against the phenomena that endanger constitutional democracy." Antall, on the other hand, believed that the signatories "questioned the existence of democracy in Hungary." Gador argues that as a signatory of the Charter, Suranyi was simply stating "his conviction that he and the government who employed him would resist the political groups that constitute a threat to democracy." In other words, according to Gador, the signatories of the Charter were convinced that the government "wanted exactly the

same things that were laid down in the Charter." In thinking that the prime minister would agree with the Charter's intentions, "Gyorgy Suranyi made a mistake, and his mistake cost him his job," Gador concludes.

In his MAGYAR HIRLAP commentary, Tamas Bauer takes a different stance to Ivan Gador. The Alliance of Free Democrats representative believes that "the fact that Gyorgy Suranyi signed the Democratic Charter was simply a pretext for Jozsef Antall" to dismiss the National Bank chairman. Bauer argues: "Taking the opportunity presented by the coming into force of the Issuing Bank Law, Jozsef Antall did not propose to the president of the Republic that Gyorgy Suranyi be reappointed as chairman of the National Bank—the Gyorgy Suranyi who has won recognition for himself and for Hungary in all circles except the Hungarian Democratic Forum—but rather that Akos Peter Bod, who has acted as minister of industry and trade until now, be appointed."

According to the economic expert, the truth of the matter is that "a change has come about in the Hungarian Democratic Forum's personnel policy since the local elections." Bauer points out that a year and a half ago, when the Democratic Forum "still sought a consensus with the opposition" on personnel issues, Antall appointed "an expert who was independent of political parties to the head of the National Bank." After the local elections, however, the Democratic Forum started appointing people to official positions who were either "members of the governing parties" or "not far from it." Bauer continues with this argument by pointing out that if the signing of the Democratic Charter had been the real reason behind Suranyi's dismissal, Antall would have "appointed another financial expert to replace Suranyi, someone who was independent of parties." However, Bauer remarks that "Jozsef Antall did not try to do this, because he wants to place the issuing bank under the direct supervision of the Hungarian Democratic Forum/the government."

Bauer briefly outlines Bod's political career, noting that "he has never dealt seriously with financial matters or monetary policy," but that "he was the first of the somewhat well-known economists to rally around the Hungarian Democratic Forum." Bauer fears that "if he becomes chairman of the Hungarian National Bank, the Bank will be as independent of the government as if the chairman had been a member of the Central Committee of the Hungarian Socialist Workers' Party and the deputy chairman had been the inside confidant of the party's first secretary." Bauer concludes by saying that "the appointment of a party politician as bank chairman is without any doubt a serious threat to the democratic functioning of a state."

Kupa Presents Taxation Bill to National Assembly
LD0312225191 Budapest Kossuth Radio Network
in Hungarian 1022 GMT 3 Dec 91

[Speech by Finance Minister Mihaly Kupa presenting the Company and Income Tax Bill to the National Assembly in Budapest—live]

[Excerpts] Esteemed Mr. Speaker, Esteemed House, Ladies and Gentlemen: I would be happier if I could begin my presentation by announcing a general reduction in taxes, but unfortunately, as witnessed by the tax package submitted to you, this step cannot be taken in 1992. However, the path toward it will be laid in 1992.

The submitted proposal does not yet mean an overall tax reduction, it only means that the role of the state in the sphere of taxation is being moderated.

You will be debating and making decisions in the next few days about three of the most important forms of taxation, which provide nearly two-thirds of the budget's tax revenue, company taxation, personal income tax, and, within the Budget Law, the general turnover tax.

There have been fundamental changes in income tax, company tax, and personal income tax during the preparation of new legislation while in the case of the general turnover tax we recommend only smaller, technical amendments.

The most important reasons for the amendments are linked to three problem areas. First, the reconsideration of the tax system was justified because the economic and social conditions providing the background to the tax reform which began in 1988 and extended to include personal income tax, company profit tax, general turnover tax, and the introduction of local taxes have now changed fundamentally.

A decisive change is that today we are not operating in a simulated market but in a real market economy which must gradually integrate into the international movement of goods, money, labor, and capital, and we must ensure the necessary level of state revenues.

The most significant consequence of the establishment of the market economy, from the point of establishing a taxation system, is that privatization has begun. With this, in contrast to the earlier tens of thousands of tax subjects, we have to count on several hundreds of thousands, and various forms of income from private capital are gaining greater importance as a source of state income. [passage omitted]

The real integration of our economy into the world economy requires that we should assimilate into the economic, financial, legal institutions there as quickly as possible and, in the interest of our internal economic development, on as favorable terms as possible.

The second group of the reasons for the changes is linked to the new Audit Law, already passed by you, which will be a basic determinant in our economic life from next year. By itself, this makes a fundamental change in the tax system essential. [passage omitted]

These changes affect the basis for income tax and thus the expected tax revenue as well. By itself, this makes unavoidable a change to the system of income taxation and together with this the review and restructuring of the whole of the tax system.

The third problem area is that on a longer term basis it is unavoidable that Hungary should operate a tax system which assimilates the international principles of taxation as closely as possible, both with respect to taxation techniques and to the level of taxation, and that the methods used should be clear and comparable for foreign investors as well. The beginning of this process was the acceptance of the Audit Law and based on it the drafting of the Income Tax Bill. [passage omitted]

Thus companies and other economic organizations are dealt with by company tax, while private individuals and their private undertakings as well as their incomes from properties are treated exclusively through personal income tax.

It is customary in market economies for tax legislations to deal separately with taxpayers' attempts to evade taxation. This is not the same as fraud, but there are numerous opportunities for this as a result of various links in property relations and transactions. This symptom, as you know, has appeared in Hungary as well. To counteract it there are special provisions in the tax bills. It is a consequence of the more direct integration into the world economy that the taxation of incomes from abroad or transferred abroad, including the present system of concessions for foreign investors, must come closer to the practice in market economies, to ensure that this process does not have disadvantageous consequences for the country. [passage omitted]

The bills being submitted point toward a uniform treatment of various forms of income and aim to gradually reduce the different forms of taxation for incomes from different sources. This is the condition for being able to avoid raising the level of company taxation, in spite of the reduced tax base, and in the case of personal income tax to reduce the level of progressivity and tax rates to which there is justifiable objection. These are necessary for creating the resources to reduce the burden on those with low incomes and on families with children. [passage omitted]

When examining tax legislation, it is always important to examine how the tax burden is changing. One first indicator of this is the tax rate, but this must always be assessed in relation to the tax base. By international comparison the Hungarian level of taxation cannot be regarded as low, but the mistaken belief that it is too high must be dispelled. [passage omitted] Hungary is in the lower band.

In establishing a tax system, an important consideration is that the budget, or, in a wider sense, state expenditures, is largely financed from tax revenues. It is not irrelevant how the demand for centralized provisions change and, depending on this, how the tax burden is developing. An internationally accepted indicator and measure of this is what percentage of GDP budgetary expenditure claims.

As you will see from the submitted budget the proportion of tax revenue will be reduced next year by 1.5 percent of GDP and by the same proportion of the central budget. The state

budget will be reduced from 29.7 to 29 percent of GDP. Within this the payment by companies and economic organizations will be reduced from 10.7 to 9.2 percent, and the tax burden on the population will increase from 17.1 percent to 17.4 percent. [passage omitted]

In drafting the bill on personal income tax we are to break with the tradition of the past decades when the state used the tax laws to regularly divert the return on labor or capital for various purposes. The proposals presented express the aim of the government to reduce state interference and taxation should regain its original function, to collect the resources necessary to finance public expenditure and significantly reduce the regulatory and influencing role. [passage omitted]

In the following I will mention only some of the most important questions concerning the various forms of taxes.

The starting points for company taxation are the results presented in accordance with the Audit Law, from which the tax base, however, departs as a consequence of a number of factors. The fundamental difference arises from the difference in purpose. [passage omitted]

In the case of company tax specific correction factors and rules must be set down which will objectively determine the basis of taxation. In accordance with international practice, these rules are set down in laws on taxation of incomes, and in the case of companies, the company taxation law. [passage omitted]

Esteemed National Assembly, I will now go on to personal income tax. [passage omitted] In this area as well we are proposing significant changes in harmony with the basic principles and objectives. The most essential of these are the following. The sphere of tax subjects will become more clearly defined in as far as every private individual, natural entity, will pay tax according to the personal income tax. Thus, the possibility of switching over from the enterprise profit tax to the company tax which replaces it will cease. However, anyone who, in accordance with current regulations, has opted for the enterprise profit tax, will, in the interest of being able to plan his business schedule, for guarantee reasons, pay tax up to the end of 1993, in other words for another two years, on the basis of his income from the enterprise, according to company tax rules.

The internal structure of the two tax types, company tax and personal income tax, their rules of accounting, are very close to each other. Thus, for example, the proposed amortization and loss-accounting rules are identical. The principle is realized that every income should be taxed at least once, either as company tax or as personal income tax, and the tax rates will also come into harmony with each other. Thus, all in all, the relative advantages that can be acquired by switching over will significantly diminish.

With regard to personal income tax rates, the bill contains two progressive tax tables. In the case of the A version, zero rate extends to 100,000 forints, whereas there is no employee's tax allowance. The B version contains tax exemption identical to the present rate, extending up to 55,000 forints. However, the monthly 250 forint employee's allowance will also remain. In both versions those living off wages and salaries will pay no tax up to an amount of about 8,500 forints a month.

The government supports the A version because it fits in better with the logic of the changes, it admits a higher zero-rated income band in general. At the same time the highest tax rate is five percentage points lower than that in the B version. This 40 percent is identical to the tax rate recommended in the company tax. On the whole, the A version received greater support in the committee debates and during the interest coordination discussions.

To the tax table belongs the dual taxation of dividend type incomes. Since the dividend can be paid only from the taxed results of the company, the opinion is true that after the 40 percent has been paid, the present-day 20 percent resource tax is unjustifiably high. For this reason the bill contains a provision for only a 10 percent resource tax on dividends that have been taxed already at the company tax rate, that is 40 percent. [passage omitted]

To reduce the extent of the tax, its performance restraining effect, it is necessary to broaden the tax base, to dismantle the aforementioned exemptions and allowances. The bills before you aim to do this. The majority of tax exemptions for proposed abolishment are offset by the more favorable tax table. A proportion of them goes in the tax law category similar to pensions. The child care allowance and grants are of this type. Though these incomes constitute a part of the total taxable income, tax does not have to be paid on them.

A change of an alleviating nature is that those private individuals who have reached old age pension age but who for some reason do not receive pensions must be considered pensioners from the point of view of tax from 1 January 1992.

Extremely important is the step serving to lay the foundations for a fiscal system adapted to the market economy, the proposal aimed at abolishing the so-called presumed income quotas [velelmezett joevedelem hanyadok]. I would like to emphasize that the objective here is not the withdrawal of allowances; nor can the fixed income quota be considered an allowance, since in a given case the itemized cost accounting could even be more favorable than the present day rates from the taxpayer's point of view.

The real aim is to ensure that the requirement to provide invoices, as set out in the law, should, if you like, become a compulsion to provide invoices. The aim is that minimizing tax payments should only be possible by the verification of expenses, so the taxpayers should force the provision of invoices, which is one of the most effective instruments for making present invisible incomes visible. [passage omitted]

My esteemed fellow MPs: As a starting point of the general debate, I would like to draw your attention to these connections.

The comfortable income groupings, the optional averages in taxation are only good for covering the real income levels, to make high incomes unapproachable for the tax authorities. [passage omitted]

Allow me to refer to a misunderstanding, as well: Those in white collar [szellemi munkat vegzoek] jobs away from financial matters, small producers, and others are instinctively averse to records and filling out various forms. [passage omitted]

I am convinced that those in white collar jobs could get into a better situation than at present for two reasons: One is that, if they realize the multitude of deductible expenses, specialist books, computers, for artists clothing, make-up, hair stylists costs, foreign study tours, etc., they will not be worse off; on the contrary, they will be better off. The other is the reduced tax burden, the 100,000 forint tax-free allowance, and the reduction of the highest rate of tax to 40 percent, which can result in real savings for them.

In the case of small agricultural producers, in view of the difficulties of the agricultural sector, to compensate for the changes they can reduce their income from small-scale agricultural production by up to 100,000 forints, and only the amount above this will be taxable. So, their position will not get worse. [passage omitted]

Small-scale agricultural producers with an annual income of up to 250,000 forints will not have to pay any tax and will receive full allowance for expenditures. [passage omitted]

I would like to close this part by saying that, in the interest of taxing invisible incomes, with the amendment of the legislation concerning the system of taxation, we intend to provide the tax authorities with new, more effective entitlements. However, this will not be decided at the regulation of the methodology but here and by you, now, when you are deciding about the fate of the various loopholes hidden among the provisions of the present tax law. [passage omitted]

[Words indistinct] the improvement of the situation of those living on wages and salaries. Also for this purpose, the government proposes recognizing the cost of raising children to a wider circle than previously and to a higher level. According to this, after every child qualifying for family allowance, regardless of the number of children, the 1,000-forint monthly reduction of the tax base can be claimed. [passage omitted]

It is relevant to this subject that family allowances continue to remain tax-free.

I mentioned in my introduction that, in the interest of creating the necessary capital basis for changing the system, it is important to encourage savings.

My esteemed fellow members of parliament: There is in today's personal income taxation law the so-called investment concession. It is increasingly more popular; anyone who can, takes advantage of it. The 1990 tax base was reduced by some 6.5 billion forints due to this, and obviously those at the highest tax rates could take the most advantage of this. [passage omitted]

The consequence of this concession in 1991 is expected to be a loss of around 5 billion forints in tax revenue. It is of vital interest to us that such sums should be allowed as concessions to benefit real enterprises, and the other is that these should be available to all.

There are two changes in the proposal to this purpose: One is that we wish to reduce the present circle of investment allowances so that they will be applicable only in the case of capital investments in real companies. [passage omitted]

At the same time, we want the savings of those on low incomes to have suitable scope for participation in creating working capital. [passage omitted]

The same can be said about the other form, the concessions for the contribution to employees pension funds. This new structure aims to promote large investment funds along with the accumulation of many small items.

Finally, I would only like to mention as indicators a few further changes, considered important.

In light of the uniform treatment of incomes, the proposal recommends ending the different tax treatment of incomes from home and abroad.

After incomes from agricultural activities, the payment of land tax can be deducted from personal income tax just the same as from company tax, so there is no double taxation.

The system of providing data and the system of tax deduction will become comprehensive. It will extend to include individual trading entrepreneurs and agricultural small producers. This will assist the more even distribution of the annual tax burden and serves as a basis of information.

Finally, the provision of tax returns will extend to a wider circle than at present. This curiosity is not without purpose; behind it is the aim that, in the interest of correct financial regulations, a realistic picture must be gained of the income position of the population and their burden bearing capacity. [passage omitted]

Esteemed house, esteemed members of parliament: Forgive me for speaking for so long. [passage omitted]

I hope this will allow a useful and thorough debate and a rational and sound legislation in this field. Thank you for listening.

Legislature Rejects Proposed Tax Law Amendment

*LD0412151891 Budapest MTI in English 1351 GMT
4 Dec 91*

[Text] Budapest, December 4 (MTI)—The government's proposed amendment to the 1987 law on legislation failed to receive the necessary two-thirds majority of votes at the Wednesday [4 December] session of parliament. The amendment was aimed at enabling the government to be able to change certain taxes by decree.

Finance Minister Mihaly Kupa told MPs [member of parliament] that the modification of the law on legislation would be necessary for the government to quickly adjust the vehicle and consumer tax rates, as well as the extent of price supplements, according to changing market conditions. According to the proposal, the government would be authorized to change taxes within certain limits.

However, the contributors to the debate did not agree with the minister on the grounds that such a measure would create a dangerous precedence. The vote was 133 for, 88 against and 12 abstentions. The amendment was thus rejected, which does not mean that the government's plan has been foiled as the same proposal figures in separate bills on the vehicle tax, the consumer tax and the bill on price supplements.

Sejm Accepts Resignation of Bielecki Government

LD0512115791 Warsaw PAP in English 1130 GMT
5 Dec 91

[Text] Warsaw, Dec. 5— The Sejm (lower house), with 375 votes for, 1 against and 41 abstentions, accepted the resignation of Premier Jan Krzysztof Bielecki's government. The chamber obligated the outgoing cabinet to fulfil its duties until the new government is formed.

Olszewski on Nomination as Prime Minister

LD0512141291 Warsaw Radio Warszawa Network
in Polish 1300 GMT 5 Dec 91

[Text] President Lech Walesa has directed a resolution to the Sejm proposing the candidacy of Jan Olszewski as head of the new government. Sejm Speaker Wieslaw Chrzanoski informed deputies of this. The house received the news with applause. Even Deputy Jan Olszewski himself was surprised at the reading of the president's letter to the Sejm speaker.

In answer to a question from journalists as to why Lech Walesa had not personally informed the candidate for prime minister of his decision, Jan Olszewski said:

[Begin Olszewski recording] This is a question that should be directed to the president. I will of course try at this moment... [changes thought] Of course, one of my first meetings will be a meeting, a request for a meeting, with President Walesa.

[Unidentified correspondent] (?First) a small constitution, then the proposal as prime minister. The opposite has happened. Why do you think this is the case, sir?

[Olszewski] For the moment, I have been charged with a mission. The president's draft is also on the agenda of this meeting of the Sejm. It is possible that we will succeed in [word indistinct] in time. [passage indistinct]

[Olszewski] It is possible that the president already has, so to speak, his own reasons for regarding his initiative as being a (?certainty) in the Sejm.

[Correspondent] Will you accept this proposal?

[Olszewski] Sir, I will reply to that question after talking to the president.

[Correspondent] Your candidates for ministers?

[Olszewski] Even if I have some ideas, it is too early at this moment to inform you and, ladies and gentlemen, you understand that this is, above all, [words indistinct]. Many and various things are acceptable to me, but it is a question, let's say, of what will be, what proposals can be realized. [end recording]

Walesa Comments on Powers, Prime Minister Post

LD0512105891 Warsaw Radio Warszawa Network
in Polish 1540 GMT 4 Dec 91

[News conference by President Lech Walesa with unidentified correspondents and Christian National Union Party deputies from the Sejm and the Senate, in Warsaw on 4 December—recorded]

[Text] [Walesa] Today, even if Parliament were to sit day and night without a break, it is not capable of resolving properly the legal nuances of the new system that is being born. It is not capable of this. As a practical person, I think that it is necessary to give the government, and even particular ministers, the ability to govern effectively. But at the same time, as a security for ourselves, if Parliament sees errors, it can change the decisions of both ministers and the government. At these dangerous moments, if we link this together, then I remain calm about the longevity of Parliament, and I remain calm about the development of Poland.

After all, it is the situation that makes a man a thief. After all, it is holes in the law that facilitate all types of scandals. Poor people see that they must count every zloty, and simultaneously they see examples of abuses in the multimillions. Everywhere. I saw proof of mismanagement, even in my own chancellery. And, thus, I did not sign any documents that issued plenipotentiary powers, even to excellent people. Not because I suspected them, but only because I knew we could not cope. And that is why I gave Supreme Chamber of Control [NIK] access so that it could quickly tell me to which places attention has to be paid.

Today, after the NIK inspection, all these things can be set up and arranged better. The new situation creates new problems, and let us hope that we will be able to correct things quickly. We must give Poland back to its poor society by force.

Another problem—how to do this legally so that they do not sweep it away. I do not know if this law is a good one. I only know that I feel this, I have felt this for a long time, because for a long time I have been postulating decrees and solutions of effectiveness, for which I was scoffed at. I do not know whether you remember that even President Havel said Walesa is a dictator; what does he want decrees for. But look at the papers today—at this very same government, only after two years. If we had done things then, if we had not been scared of a strong executive power then, we would be in a different place. Yeltsin has decrees, and Gorbachev has decrees, and Havel has decrees, and everyone else must demand decrees, but demand them in such a way that they do not jeopardize democracy. If you create the conditions at the first Sejm, understanding that it is necessary to provide effective government, then already on the first day, I will immediately promote the prime minister's role, and he is the [word indistinct] of almost all future prime ministers.

Today one can put forward more—there are five of them [as heard]. The faster we move, the greater chances we have.

Let us remember that the dangers are external as well as internal. I will do nothing against democracy, nothing against the majority. So you have the answer. What I am doing I am not doing for myself, but in order to govern effectively later on when the [words indistinct]. Let us tear ourselves away [words indistinct].

We have arranged our laws—and I am speaking about the police law—in such a way so that nobody is locked up for more than 48 hours, and nobody is searched [without a warrant]. And today, the police are going another way because we have made so much trouble for them and because we did not want to be locked up. And now they do not lock up thieves and others, and they have so much trouble [words indistinct]. Let us not do this. The same thing here; let us not do it. [passage indistinct]

Of course, I could have been clear when I went to see Generals Kiszczak and Jaruzelski. All shipworkers were on strike, and I could have said: Ladies and gentlemen, generals, I am not speaking to you, and tomorrow I will ask you to leave; this, to keep the situation clear. And I did, really, have such intentions but can one say this?

[Unidentified speaker] Mr. President, how do you see the latest decision of the (?five) concerning the need to renegotiate our debts [words indistinct] with the IMF and the World Bank? We know that these institutions have shaped our policy so far, to a significant extent, by their recommendations [words indistinct].

[Walesa] It is difficult today to enter into such discussions. (?Those) people never took part in anything and just know the documents, from the newspapers and today, they speak about this very thin and delicate subject. And already, they have a solution—or maybe the agreement should be broken. Maybe we have to do this. Maybe (?we have) erroneous solutions. But hold on a minute. Let's do this somehow a bit more sensibly; let's do it when we have the details and possibilities. (?Then) it will be easier and (?wiser).

[Unidentified speaker] Democracy means the rule of the people. These five parties represent part of this nation. Together, they have arrived at the candidacy of the lawyer Jan Olszewski for prime minister.

[Walesa] Did you arrive late? [laughter] Because, after all, sir, I have told you that I will do nothing against the democratic majority. Well, give me different configurations, sir. Well, sir?

ZChN Supports Passage of 'Small Constitution'

LD0412211491 Warsaw PAP in English 1353 GMT
4 Dec 91

[Text] Warsaw, Dec. 4—Chairman of the Christian National Union (ZChN) Wieslaw Chrzanowski told his party's parliamentary floor group on Wednesday that the

Union's political committee supports President Lech Walesa's proposal to pass the "small constitution."

According to the committee, this constitutional law should be restricted to matters concerning the appointment and dismissal of the government and should be passed as soon as possible.

Chrzanowski said, however, that his party's support concerned primarily the formation of a basis for the government stabilization and not any limitations of parliamentary powers.

President Lech Walesa, who arrived at the group's meeting at noon, was given promises that the ZChN parliamentary caucus would support his project to strengthen and stabilize the executive power.

The president said the first parliament of the Republic of Poland should do everything to show Poland and the world that democracy can guarantee effective and wise government and promised he would propose a new prime minister as soon as the parliament provides the new government with due conditions.

Kaczynski Accused of Financial 'Irregularities'

LD0412201891 Warsaw Radio Warszawa Network
in Polish 1300 GMT 3 Dec 91

[Text] The responsibility for the irregularities in the financial management of the president's office recently discovered by the Supreme Chamber of Control lies with Jaroslaw Kaczynski as head of that office, Presidential Spokesman Andrzej Drzycimski told PAP today. The president's funds were available to six people but, in an administrative sense, the funds came under Jaroslaw Kaczynski, Andrzej Drzycimski said. It should not be that an official decides to transfer money from a public fund to a private fund. This is public money, and it must be accounted for before the public, the presidential spokesman emphasized. Asked how the president reacted to the discovery of the irregularities, Andrzej Drzycimski replied: It turned out that a man whom he trusted completely and whom he gave the head of state's office in the belief that he would clear the office of communist leftovers has done nothing. This is incredible.

[Warsaw Radio Warszawa Network in Polish at 1700 GMT on 3 December adds: "As one of the results of the irregularities that have been revealed, Drzycimski named the return of the indefinite loan of 160 million zloties passed from the president's funds to the Citizens' Fund of Lech Walesa. This is inconceivable, Andrzej Drzycimski said. Meanwhile, Jaroslaw Kaczynski, former head of the presidential chancellery, claims the president undertook the decision to lend 160 million zloties from his personal disposable fund to the Citizens' Fund. Jaroslaw Kaczynski called the information from the president's press spokesman a lie. I counter these attacks, he said, as completely ineffective attempts to

exert pressure in association with the small constitution and the matter of the government."]

Party Experts Discuss Efforts to Revive Economy

AU0412184891 Warsaw GAZETA WYBORCZA
in Polish 2 Dec 91 p 3

['WZ' report: "A Meeting of Party Experts"]

[Text] The economy is in a critical condition, and breaking out of the recession is one of the most important tasks of economic policy, it was agreed at a meeting of economic experts from the Polish Peasant Party, Confederation of Independent Poland, Center Accord, Democratic Union, and Alliance of the Democratic Left at the Polish Peasant Party headquarters in Warsaw Saturday. There were certain differences of opinion concerning privatization and ways to accelerate economic growth.

Professor Wladyslaw Szymanski, representing the Polish Peasant Party, said that right now, reviving the economy is more important than balancing the budget. The influx of money for investments, including credits, should be increased, even if it means a temporary boost in inflation, he said.

The Polish Peasant Party representatives generally opposed the idea of placing privatization above all other forms of economic activity. Not all state firms need to be privatized to perform better, they said.

On the other hand, the Democratic Union representatives defended privatization, arguing that it should be steadily continued and that the experience gained in this field must not go to waste. Everyone agreed, however, that the effect of privatization should be carefully analyzed and that this operation should take place without reducing people's standard of living.

It was also agreed that the payment of dividends is too much of a burden on state enterprises.

During a discussion on the subject of taxes on supernumerary wages, the Democratic Union representatives spoke out in favor of further control of incomes.

Summing up the meeting, Ryszard Miszka of the Polish Peasant Party said that as far as economic affairs are concerned, his party is closer to the Center Accord than to the Democratic Union, closer even than to the Alliance of the Democratic Left. Peasant Party Chairman Waldemar Pawlak said, "It is necessary to talk, because there are problems in Poland we have to solve."

Walesa Phones Gorbachev on Support for Reforms

LD0412194491 Warsaw TVP Television Network
in Polish 1830 GMT 4 Dec 91

[Text] President Lech Walesa today spoke to Soviet President Mikhail Gorbachev by phone. A president's office communique notes that Lech Walesa supported Mikhail Gorbachev's reformist efforts. He indicated that he advocates evolutionary changes with respect for the principles of democracy and freedom. The president assured that Poland is counting on the development of economic cooperation with her eastern neighbors and wants good-neighborly relations with these countries. Mikhail Gorbachev expressed admiration for Poland's and President Walesa's achievements. He also drew attention to the concordance between his concepts and Lech Walesa's views. The conversation took place on the Polish president's initiative.

Skubiszewski Receives Soviet Ambassador in Warsaw

LD0412165391 Warsaw Radio Warszawa Network
in Polish 1500 GMT 4 Dec 91

[Text] Krzysztof Skubiszewski, head of Polish foreign policy, today received Yuriy Kashlev, Soviet ambassador to Poland, who handed him a letter from Minister Eduard Shevardnadze.

Financial and property issues related to the withdrawal of Soviet Armed Forces from Poland as well as transit of the USSR forces through our territory were, among other things, discussed during the conversation.

The Polish minister of foreign affairs also met today with the ambassadors of the 12 EC member states. Minister Skubiszewski spoke about the current issues of Polish eastern policies, and especially about relations between Poland and the Ukraine.

Landsbergis Says Relations 'Slightly Frozen'

LD0512141191 Warsaw PAP in English 1306 GMT
5 Dec 91

[Text] Warsaw, Dec. 5—Lithuanian President Vytautas Landsbergis, making a stopover in Warsaw on his way to Paris on Thursday, said that Polish-Lithuanian relations "seem to be slightly frozen."

"We expect that the situation in Poland may clear out and then the issue will continue to move on," Landsbergis stated at Warsaw Okęcie Airport. Nevertheless, the president added that he sees good prospects for the development of relations between Poland and Lithuania.

When asked about the date of the visit of Poland's Foreign Minister Krzysztof Skubiszewski in Lithuania, President Landsbergis advised newsmen to ask Skubiszewski on the issue and later on to print his answer.

Hungary Foreign Affairs Delegation Continues Visit

Stolojan Receives Delegation

*AU0412175091 Bucharest ROMPRES in English
1557 GMT 4 Dec 91*

[Text] Bucharest, ROMPRES 4/12/1991—On Wednesday, December 4, Romanian Prime Minister Theodor Stolojan met the delegation of the Foreign Affairs Commission of Hungary's parliament, led by Mr. Gyula Horn, who are paying a visit to Romania.

The current stage of the links between Romania and Hungary and the possibilities of developing and diversifying them to the mutual benefit were reviewed. The Romanian premier insisted on the need to set all relations on expanded economic exchanges, whose volume at present accounts for less than 50 percent of that of the past. He said that the Romanian-Hungarian relations should be improved by clarifying a number of concepts that should underline the cooperation between the two countries, the most efficient step in that respect being the rapid negotiation and the conclusion of a Treaty of Friendship, Cooperation and Good Neighbourhood between Romania and Hungary.

The guest shared the Romanian prime minister's ideas and insisted on the need for the two countries' concerted efforts to solve their problems and help each other overcome the difficult period of transition both Hungary and Romania live through.

Horn 'Anxious' About Romanian Magyars

*LD0512102191 Budapest Kossuth Radio Network
in Hungarian 1700 GMT 4 Dec 91*

[Excerpts] A delegation of the Hungarian National Assembly Foreign Affairs Committee is holding negotiations in Bucharest. Zoltan Csaky reports:

[Csaky] [passage omitted] Gyula Horn has repeatedly referred to the report of the Parliamentary Ad Hoc Committee and declared that it is a show action that serves the creation of a mood against both the Magyars of Transylvania and the Hungarian Republic. It is not these actions that lead us to Europe, he said.

The delegation was also received by Prime Minister Theodor Stolojan, who spoke with great appreciation about the fact that Hungary, on the basis of the distances it has covered in previous years, is much further advanced than Romania in transformation. He agreed that the tensions appearing in bilateral relations can be solved only via the respect and endurance of European principles and norms.

The delegation met Foreign Minister Adrian Nastase in the afternoon. Gyula Horn declared that he is extraordinarily anxious about the future fate of the Magyars living in Romania, not only in his capacity as a Hungarian diplomat, but as a Hungarian citizen. [passage omitted]

Europe Council Membership Supported

*AU0512104291 Bucharest ROMPRES in English
0934 GMT 5 Dec 91*

[Text] Bucharest, ROMPRES 5/12/1991—"The purpose of this visit," stated to ROMPRES Gyula Horn, chairman of the Foreign Policy Commission of Hungary's parliament, now on a visit to Romania, "was to continue the talks started during the visit paid in April by the delegation of the Foreign Policy Commission of Romania's Parliament, headed by Mr. Corneliu Manescu, taking account of course of the new developments in the Romanian-Hungarian relations, or inside Romania in connection with the Magyar population. Just like in Budapest, we were ready to very openly and concretely approach the issues and so it has happened, including the fact that upon our request, we had an interview with the members of the commission that drew up the Harghita-Covasna report.

We also had an exchange of views on Romania's new Constitution, made a number of proposals regarding the ways in which we could further develop our relations, what could both parties do, what efforts could we make in order to eliminate the prejudices and reserves. We also singled out some fundamental stands that may not have been clear so far. For instance, the fact that Hungary does not want to get involved in bodies of European integration running counter to Romania. On the contrary, Hungary backs Romania—if it wishes it—Romania's efforts to join the Council of Europe or the system of security being engineered within the NATO for Europe, and other organizations, for it is our belief that it is in our own interest as well, that we should go together. We also stated unequivocally—and I think it is very important—that we can progress in the economic, cultural and foreign policy domains, in other domains, and this is precisely what we will do, irrespective of the fact that as regards the minorities the situation does not get any better, but, at the same time, we maintain on the agenda the matters related to the Magyar population in Romania. So, these are the problems we have discussed, inclusive of the economic relations and the concrete questions of inter-state collaboration which are in fact a governmental task but, anyway, the parliament watches over the government's activity. I will sum up all the problems and impressions of this visit to Romania at the news conference."

Treatment of Minorities Questioned

*LD0312231291 Budapest MTI in English 1951 GMT
3 Dec 91*

[Text] Bucharest, December 3 (MTI)—A five-member delegation from the Foreign Affairs Committee of the Hungarian National Assembly began talks in Bucharest today regarding provisions in the new Romanian Constitution regarding the treatment of minorities.

Headed by Chairman Gyula Horn, the committee met with speakers of the Romania's Assembly of Deputies and Senate, Dan Martian and Alexandru Birladeanu.

Martian stated that the Romanian basic law matches its European analogues regarding the minority rights, but admitted that it contains no provision for the use of the native language at court trials. In response to Deputy Foreign Affairs Committee Chairman Gyorgy Csoti's remark that the modern constitutions avoid using the "nation-state" definition, which could have got into the Romanian document as a result of a bad reflex, Dan Martian said that it reflects the truth, given that the Romanians account for over 80 per cent of the total population, but the definition does not imply discrimination against the minorities.

The delegation met members of the parliamentary committee hearing a case in which ethnic Hungarians allegedly chased Romanians away from Harghita and Covasna counties. Because of the multitude of debated questions, the sides agreed to meet again in the evening.

Chebeleu Briefs Media on Ukraine, Moldova Ties

*AU0412175191 Bucharest ROMPRES in English
1635 GMT 4 Dec 91*

[Text] Bucharest, ROMPRES 4/12/1991—The spokesman for the Ministry of Foreign Affairs, Ambassador Traian Chebeleu, showed during his weekly news conference on December 4 that Romania wished to develop relations of good neighbourliness and cooperation with the Ukraine. He mentioned that the Ukrainian foreign minister's visit scheduled for the last weekend and postponed by the Ukrainian side was likely to take place in the near future. The Romanian foreign minister contacted his Ukrainian counterpart and is waiting for his specific proposals for the date of the visit, he said.

As for the territorial matters concerning the two states in consequence of the 1940 German-Soviet Treaty known as the Ribbentrop-Molotov Pact, Ambassador Chebeleu showed that was an historical fact which could not be denied but it was desirable that the problems of the past should not affect present and future bilateral ties and be settled over the time.

Whether Romania would recognize the independence of the Ukraine was already answered in the Romanian Government's statement on the referendum in that country, opined Ambassador Chebeleu. He also specified that, if necessary, a formal statement could also be made on the matter, adding that the next step was the establishment of diplomatic relations between the two states, an event he hoped to happen soon.

The Romanian Foreign Ministry spokesman also referred to the relations between Romania and the Republic of Moldova considering that the existence of two neighbouring Romanian states was not incompatible since that was only a

partial correction of the consequences of the Ribbentrop-Molotov Pact. To eliminate all the consequences of that pact is unequivocally the essential goal of the Romanian foreign policy, he pointed out.

Discusses Armed Forces Inspections

*AU0512103891 Bucharest ROMPRES in English
0926 GMT 5 Dec 91*

[Text] Bucharest ROMPRES 5/12/1991—Among the topics approached by Foreign Ministry Ambassador Traian Chebeleu at his weekly news briefing were the main conclusions of the two reports made by Great Britain and France observers to inform the CSCE members about their recent visits in Romania for assessment on site of the information furnished by the Romanian side about its Armed Forces, in compliance with the provisions of the Vienna Convention on Measures to Build Confidence and Security in Europe.

The British report, informed the ambassador, shows that "the British team was satisfied with the assessment made" and that the British Government found the appraisal made by the Romanian side as entirely complying with the requirements of the Vienna Act and as a proof of the spirit of friendliness and openness shown by the Romanian side.

The report released by France to the European states, to Canada and USA reflects similar positive conclusions, showing that during the visit the data supplied by Romania were fully confirmed, that the members of the delegation could freely converse with militaries of all ranks and that none of the delegation's requests were rejected: "France wishes to stress the transparency and readiness manifested by the Romanian side. This ensured excellent conditions to our inspection and gave full satisfaction to the French experts who found that the provisions of the Vienna document were observed. The assistance provided by the Romanian side during the fact-finding tour proved their sincere wish for cooperation and openness, demonstrating that such actions are an instrument apt to build confidence between states," winds up the French report.

The two evaluation teams inspected the fighter plane regiment at Giarmata (Timisoara) and the operational tactical missiles brigade at Ineu.

Ambassador Chebeleu also informed that the appointment of Mr. Butrus Ghali as UN secretary general was viewed with satisfaction by Romania which appreciates Mr. Ghali as a reputed political personality, an established authority in international law and a well-known diplomat, which recommends him as apt to fulfill the growing responsibilities of the UN secretary general in the present stage of international relations.

Coposu Comments on Constitution, Elections

AU0412182291 Bucharest DREPTATEA
in Romanian 28-29 Nov 91 pp 1-2

[Interview with Corneliu Coposu, president of the National Peasant Christian Democratic Party, by unidentified correspondent; place and date not given: "Romania Has Less Chance of Being Admitted to the European Community Than Albania"]

[Text] [DREPTATEA] Mr. President, you are returning from Rome from the congress of the Christian-Democratic International. You met with prominent politicians there from Europe and other continents. In your view, what is the impression foreigners have about Romania?

[Coposu] Unfortunately, the impressions I gathered are not at all encouraging. Events of late have contributed to the deterioration of the West's unfavorable opinion about Romania. What is held against us is the miners' last action and the way in which the leu's limited convertibility has been achieved. I have been told that, under the current circumstances, we should not count on increased credibility for the Romanian Government and, consequently, we will have to wait a long time for Western investments and for Western projects to materialize. The reservations by the Westerners are explained by the lack of stability and a convincing democratization and privatization process. The privatization law is viewed with quite some reticence, and the confusing situation in our country does not increase Romania's credibility. As far as our integration in the European Community is concerned, it seems that we are even behind Albania. The order of the first forms of integration is taking place in such a way that we will have to wait a long time before we can take the first step. Unfortunately, all my insistence that Romania be helped to overcome its economic deadlock did not yield any results.

[DREPTATEA] You have talked about the order in which the East European countries are to be admitted to the European Community. What should we understand by this?

[Coposu] It is said that Hungary, Czechoslovakia, and Poland are sure to be admitted in 1992 and Bulgaria and Albania will follow suit in 1993. We have to wait, to "behave," and there has to be sure proof of democratic opening.

[DREPTATEA] Is the word "behave" your term?

[Coposu] No. That was the term used by the person I talked to.

[DREPTATEA] If you take that person seriously, then you must have talked to people worthy of being listened to with great attention.

[Coposu] Yes. I have talked to nine prime ministers present at the international congress. There were also

five chiefs of state, an impressive number of presidents of legislative bodies—I think 16—and powerful figures not only from our continent but other parts of the world. As far as Europe is concerned, they were people to be trusted, decisionmakers. I tried to do my duty and combat all accusations against us. I insisted on the obligation of the West not to confuse the provisional government we have now and the Romanian people. The attitude of the West toward our country is depressing. I cannot call it a lack of understanding, but rather reticence that my interlocutors tried to justify by certain mistakes the government has made. They do not differentiate between the Roman and Stolojan governments. I tried to explain that we have a new prime minister, a specialist in the financial area, and I emphasized that the Romanian people are prepared to make certain sacrifices to emerge from the crisis. It seems that my arguments have not eliminated the accusations, however, that actually include the whole country.

[DREPTATEA] Nevertheless, I think that the difference between the government and opposition in a country, no matter which one, is clear for any one. What is the attitude of the West toward the National Peasant Christian Democratic Party?

[Coposu] There is a lot of sympathy and a clear-cut readiness to support the opposition. I was asked subtle questions about the seriousness of the opposition alliance. I emphasized that we will go to the polls with joint lists. This initiative was appreciated, although during the discussions my interlocutors expressed some doubts. They talked about possible splits in the opposition's solidarity. Of course, I countered these concerns.

[DREPTATEA] You returned to the country the day after the new Constitution had been endorsed. What is your opinion of it and the atmosphere created by the adoption of this fundamental law?

[Coposu] I have repeatedly expressed my reservations about the Constitution. It is not a fundamental law capable of ensuring stability and a starting point for democratic opening. Our objections are known, they have been published in the party communiques. The regime's haste to have this Constitution validated has led to this inappropriately organized referendum. It is impossible for the public to be familiar with the contents of the new fundamental law. This way does not seem a serious way to me. I do not see why this referendum is needed, since there was a Constituent Assembly in charge of formulating and adopting the Constitution. I think that this referendum is meant to cover up a weakness of the regime. The people should have been consulted before the Constituent Assembly began its work on the form of government. As it is organized now, the referendum cannot yield any conclusive results. This is just a pretext to be able to say that the Romanian people, who are not acquainted with the Constitution, agree with it.

[DREPTATEA] I should like to know what your opinion is about certain technical details of organizing the referendum. I am talking of questions that are not of secondary importance at all. For example, parties have been given three days to appoint their observers at the polling boxes.

[Coposu] It is impossible to appoint observers in such a short time. The deadline was deliberately set in such a way that there would not be enough time to select them; thus, no measures could be taken to ensure the seriousness and honesty of the counting of votes. There are also other, basic exceptions. We have prepared a declaration on the constitution, both as regards the organization of the state and other areas such as the rights of the executive branch and the separation of powers. Human rights are insufficiently outlined. There is room for interpretation when it comes to the rights of minorities, and this is not tolerable in a fundamental law. Generally speaking, the Constitution often lacks precision and has numerous ambiguities. Not even the sacrosanct ownership right is guaranteed in a tolerable way.

I do not want to deny that this Constitution also has valid provisions, but it is enough for a single article not to be up to the expectations of the Romanian people to question all of it. At the referendum, the only serious attitude toward this Constitution, which the Romanian people are not acquainted with, is that of abstention. Our party will make recommendations to the electorate in this respect. Our initial opinion, which we have continually reiterated since the revolution, was to reenact the 1923 Constitution. This was refused by those who, at that time, looked after the affairs of state. We insisted by stressing that the transition from communist dictatorship to democracy could not be ensured except by reenacting the fundamental law that was prohibited by the communists on 30 December 1947, when the forced abdication took place. Once again our request was rejected. An electoral decree was then adopted that also included certain constitutional provisions. There were attempts, already at that time, to imprint the characteristics of a republic on our country without consulting the people.

[DREPTATEA] As far as I am concerned, we have exhausted the subject of the Constitution in our discussion. I would like you to talk about the other consultation of the electorate that has been set, at least for the time being, for 9 February. I am, of course, referring to administrative elections.

[Coposu] At least two months ago an opposition alliance was set up in light of those elections. We will have a joint list for the election of communal councils and single candidates for the election of mayors. The candidates will be selected, without taking into consideration their

political affiliation, from among the people who at a local level enjoy prestige, reputation, honesty, and have the skill to win the largest public. We decided that the opposition should even support independent candidates selected from among the front rankers in trade unions, for example, or from various nonparty leagues, professional associations, and so forth.

On the evening of 26 November, during a joint meeting of the Convention for the Establishment of Democracy and of the Antitotalitarian Democratic Forums, we also agreed on the name of the opposition alliance. It will be called Democratic Convention during the election campaign for administrative elections. Certain exceptions for participation in the joint lists have also been envisaged. In any case, the regional organizations of the member parties of the Democratic Convention are free to set up their lists of candidates. On 5 December, the Convention for the Establishment of Democracy and Antitotalitarian Forums will hold another meeting to establish the tactics and strategy for the administrative elections. On the same occasion, a central electoral committee will be set up. Next, the electoral symbol of the coalition will be submitted.

[DREPTATEA] The house.

[Coposu] The house, or a circle with a vertical line across. As far as the 8 December referendum is concerned—to which we have to return, as I note—it was unanimously decided that all parties should recommend abstinence from voting, each one being free to give its reasons for its recommendations.

[DREPTATEA] A final question. An independence referendum will be held in the Ukraine on 1 December. The population in the Romanian territories of Northern Bukovina, Hertza, Hotin County, and the three counties in southern Bessarabia, which were annexed to the Ukraine by the Kremlin, are to vote as well.

[Coposu] This incorporation into the Ukraine, which never owned these territories, is explained by Moscow's desire to create an ethnic imbalance in the Romanian provinces that were occupied despotically. We greet the independence of the Ukraine. However, to proclaim its independence, it should not consult the people living in territories that do not belong to this republic and whose interests are different. We hope that these territories will be included within Romanian boundaries as soon as possible. We have protested the intention of the Kiev Government to also expand the referendum on them. We issued a joint communique that was unanimously adopted during the meeting of the Convention and Forums on 26 November, which stipulates that all international forums, as well as the embassies in Bucharest of the primary countries with which we maintain relations, should be informed of this proclamation.

International

Kljusev Receives Albanian Delegation 3 Dec

AU0412155091 Skopje Radio Macedonia Network
in Macedonian 2100 GMT 3 Dec 91

[Text] Nikola Kljusev, president of the Macedonian Government, today received Ligor Dharmo, president of the Albanian Chamber of Commerce, who is heading a delegation of the Albanian Chamber that is paying a several-day visit to our republic. On this occasion, President Kljusev particularly pointed out the importance of the cooperation agreed in the sphere of construction, traffic, agriculture, metallurgy, use of the port of Durres, road construction, and other spheres. Several proposals were also made regarding joint approaches to third countries' economies.

It was pointed out that the cooperation carried out so far in many spheres has been successful, but the need was also emphasized for the two countries' economic subjects to act in an even more active way with a view to establishing an even more stable and long-lasting cooperation and exceed the old forms of trade.

During the day, the Albanian delegation visited and had talks in the [words indistinct] October, the Skopje Brewery, Skopje Alkaloid, Interimpex, and Ohis. During these visits, talks were held about possible specific projects of interest for the two countries' economies.

Slovenia, Croatia, Northeast Italy Sign Agreement

LD0412214291 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1907 GMT 4 Dec 91

[Text] Ljubljana, 4 Dec (TANJUG)—An agreement on cooperation was signed tonight in Ljubljana between the republics of Slovenia and Croatia and the regions and provinces of northeast Italy. The agreement was signed by Lojze Peterle, prime minister of the Slovenian Government; Jurica Pavelic, deputy prime minister of the Croatian Government; Adriano Biasutti, president of the regional council of Friuli-Venezia Giulia; Gianfranco Cremonese, president of the Regional Council of Veneto; Tarcisio Andreolli, president of the Regional Council of Trento-Alto Adige; Mario Malossini, president of the Trento Provincial Council; and Luis Durnwalder, president of the Bolzen Provincial Council.

The signatories of the agreement have undertaken to promote all aspects of cooperation in the economy, infrastructure, culture, and research which contribute to faster integration of Slovenia and Croatia into the European arena in keeping with the guidelines and measures of the European Community regarding the countries of central and east Europe.

According to the agreement, the financial company, with headquarters at Pordenone, will give special priority to the production activities in Slovenia and Croatia, while public companies in northeast Italy will be able to decide on investments in Slovenia and Croatia for the purpose

of setting up business innovation centers and projects for reconstruction and boosting income from tourism. An important role will also be played by the improvement in the railroads and communications between northeast Italy, Slovenia, and Croatia, and special attention will also be given to operational agreements and cooperation between the northern Adriatic ports, training of managerial cadres, cooperation between research institutions, higher education, and so on.

The agreement also envisages the development of initiatives for the benefit of the Italian minority in Slovenia and Croatia and the Slovene minority in Italy in the fields of economy, culture, and education. A special coordination body will be set up for this purpose.

In brief statements for domestic and foreign journalists, Lojze Peterle stated that this document represents a concrete step toward cooperation between these diverse regions, while Adriano Biasutti emphasized that Slovenia and Croatia will be recognized as international subjects very soon. Biasutti especially expressed the wish for Croatia to emerge from the period of war into a period of peace.

Federal

Kostic Urges UN Troops To Man Separation Line

LD0412235191 Belgrade TANJUG in English
1812 GMT 4 Dec 91

[Text] Novi Sad, December 4 (TANJUG)—The arrival of United Nations peacekeeping troops' would have sense only if they were deployed on the line of separation in the Yugoslav Republic of Croatia, Yugoslav Presidency Vice President Branko Kostic said in an interview published by the Novi Sad daily DNEVNIK in its tomorrow's issue.

Kostic says that such a deployment of a U.N. peacekeeping force would protect the Serbian people in Croatia's regions populated largely by Serbs which have adopted unilateral decisions on their autonomy.

"Blue helmets will probably be able to go deeper into the territory populated by Serbs later on," said Kostic, adding that "a political settlement of the crisis in the area should be considered only after a lasting peace has been secured."

In his opinion, one of the reasons why the United Nations should send its troops to Croatia is the fact that the Serbian people in that Yugoslav republic is "exposed to genocide" and that "Croatia's paramilitary formations include a large number of mercenaries, which is considered a crime under international law."

The U.N. should send blue helmets also because the war in Croatia has "resulted in hundreds of thousands of refugees" and because "some countries have continued to illegally deliver arms to Zagreb, despite the U.N. Security Council's arms embargo," said Kostic.

Assembly Adopts No-Confidence Vote Proposal

LD0412234691 Belgrade TANJUG in English
 1758 GMT 4 Dec 91

[Text] Belgrade, Dec 4 (TANJUG)—The Internal Policy Committee of the federal Chamber of Yugoslavia's bicameral parliament today adopted by majority vote a proposal put forward by a group of federal Chamber members to give a no-confidence vote to the federal government and Prime Minister Ante Markovic.

Five of the nine members present from the Yugoslav Republics of Bosnia-Herzegovina, Montenegro, Serbia and its provinces of Vojvodina and Kosovo voted for the proposal, two were against and two abstained.

The Republics of Slovenia, Croatia and Macedonia do not attend parliamentary sessions, the federal parliament and its bodies now pass decisions by majority vote of those present. For the same reason, the other federal bodies are also working in incomplete composition.

The committee chairman, Branko Kostic of Montenegro who is also vice president of the federal Presidency, urged a no-confidence vote in the federal government because it failed to invest enough effort for preventing illegal arms imports to Croatia and the setting up and arming of its paramilitary formations.

Kostic set out a lengthy list of objections, including a criticism of the attitude of Markovic and his cabinet towards the involvement of the foreign factor, especially the European Community, in dealing with the Yugoslav crisis.

Rejecting the accusations, federal government member Nikola Gasoski said that a confidence vote in the government should be taken in accordance with the federal Constitution and the rules of procedure of the federal parliament.

Three other committees of the federal Chamber had also decided by majority vote to give the federal government a no-confidence vote. Only the foreign policy committee voted against the proposal because of possible international repercussions.

The federal Chamber will decide on this matter next week on the basis of the decisions reached by its committees. The other parliamentary chamber, the Chamber of Republics and Provinces, Markovic and Foreign Minister Budimir Loncar decided in favour of a no-confidence vote at a rump session on November 15.

Markovic described the decision as "illegal and illegitimate".

The Yugoslav Presidency, working with four of its eight members, has launched a procedure for determining the candidates for new federal prime minister.

Note on Army Use of Buffer Stocks 'Corrected'

LD0512110991 Belgrade TANJUG in English
 1851 GMT 4 Dec 91

[Text] Belgrade, Dec 4 (TANJUG)—The Yugoslav Government "did not consider a possibility of the Yugoslav People's Army taking over direct management and use of the country's buffer stocks if necessary," a government statement released today says.

The federal government thus corrected its Monday [2 December] statement which, "due to imprecision," could point to a conclusion that it intends to place the buffer stocks under direct Army management.

"Something like that is impossible," says the statement, adding that the "federal government alone decides on all questions concerning the formation, renewal and use of fresh buffer stocks."

The possibility of the buffer stocks being placed under Army management if the Yugoslav republics decline to raise the blockade imposed on them was announced in the original statement.

Army Not To Assume Control of Commodity Reserves

LD0412230691 Belgrade TANJUG Domestic Service
 in Serbo-Croatian 1321 GMT 4 Dec 91

[Text] Belgrade, 4 Dec (TANJUG)—The Federal Executive Council [FEC] did not discuss the possibility, should the need arise, of the Yugoslav People's Army taking over the immediate control and use of the permanent commodity reserves. This is an interpretation which, because of vague wording, could have been inferred from the report the FEC Secretariat for Information issued to the public on 3 December.

This cannot happen because, under the terms of the commodity reserves legislation, the FEC alone decides the matters pertaining to the formation, replenishment, and use of federal commodity reserves. The FEC Secretariat for Information expresses its regret over the professional mistake it made.

Army Paper Encourages UN Intervention

92BA0150A Belgrade NARODNA ARMIJA
 in Serbo-Croatian 13 Nov 91 p 5

[Article by Ivan Matovic: "The Right to a Peace Mission"]

[Text] The fire of war, fanned by the bellows of neo-Nazis, is devastating Croatia and threatening to spread to unprotected areas of neighboring republics, taking away more and more human lives and property. The Serbian people from Croatian territory have been exposed to increasingly dangerous genocide. Peace in the region and over the entire old continent is obviously threatened from the region that was directly or indirectly

where two world wars began, and the European Community, judging both by the sterile sessions in The Hague and by the 12 truces that have been violated, has been unable to resist German violence and help Yugoslavia to restore peace. NATO, among other things, is openly threatening us both with maneuvers in the Mediterranean and by forming forces of 100,000 men for rapid intervention. Official military men of certain neighboring countries, Hungary above all, are openly sending the message that we should not be surprised by anything they do, while our western neighbor, with the blessing of the military alliance to which it belongs, is equipping four brigades for "possible actions against countries in the region," in which, incidentally, it has twice been an occupier in this century. Official Zagreb, along with flagrant violation of all the agreed truces, is demanding that "military forces be sent to Croatia that will thwart the aggressor" (read the JNA [Yugoslav People's Army]) and is issuing the public assessment that "the presence of the 6th Fleet in the Adriatic is desirable and indispensable." Stipe Mesic, the "constitutional chief of state," is traveling privately through the world and seeking military intervention against the "aggressive Serb-bolshevik so-called JNA" and protection of the "substance of Croatian democracy," while for three other "renegade" members of the Presidency there is no point on the agenda that will bring them to a meeting of the collective chief of state. The country, as a whole, and in its republics and regions, is in economic collapse; beginning a few days ago it has already been subjected to the pressure imposed by economic restrictions, and there are prospects that it will be still worse for us because of the economic pressures of one superpower and the indifference of another....

In that dramatic situation, which is becoming more acute with every passing hour, the SFRY Presidency, sitting continuously and making decisions in the context of an immediate danger of war, opted on 8 November for yet another peace initiative that it believes is constructive and has prospects for success—pursuant to Article 313 of the SFRY Constitution, it proposed to the UN Security Council that it examine in emergency session the tragic situation of the Serbian people in Croatia and send peace forces popularly known as the "blue helmets" to the territory of Croatia, where they would occupy the line of demarcation, more accurately, the border zone between the territory with a majority Serb population and the territory with a majority Croat population, and from there they would monitor, oversee, and verify the truce. That would create a kind of buffer zone to separate the forces in the armed conflict along the line of their present conflicts and not along the administrative republic border, and the basic conditions would thereby be created for a respite from combat operations and to search for a peaceful and democratic solution to the Yugoslav crisis.

Precisely because of the dramatic situation in the crisis areas, but also throughout the country, there is no time, we believe, for debates about whether this request to the

Security Council was a surprise or is late, whether it is in keeping with these times and the nature of our society, nor how many days will pass before 15 members of this international body, "responsible" for preserving peace and security, in spite of all the diversity of their interests, realize the justifiability of our request, on which their decision will depend. Actually, all these and other issues which have yet to be raised are very important, but to talk about them endlessly, at the expense of peace efforts, objectively signifies a loss of time and initiative, because it is essential that diplomatic, propaganda, and other activities be undertaken, that everything be done for this proposal to be taken up as soon as possible on the East River and peace forces sent to the territory of Croatia to prevent genocide against the Serbian people by urgently and resolutely standing between the sides to the conflict. The essence is that this is yet another chance, we would say one of the last chances, to stop the bloodshed, to reestablish peace in the country, and create the conditions for political agreements. If that does not happen, the Army faces an unsparring war to remove the blockade from the garrisons and military facilities, to protect its personnel and citizens of Serbian nationality on Croatian territory.

Aware of its own responsibility for radical correction of the dramatic situation in the country and of the continual betrayal of the Croatian leadership, the SFRY Presidency has resolved on this step with confidence in the United Nations and its goodwill, ability, and readiness to guarantee the Serbian people in Croatia a peaceful life worthy of a nationality that is a constituent element of the state. In the judgment of the collective chief of state, the commitment of appropriate forces of "blue helmets," after the cease-fire and establishment of the truce, which are the basic conditions of its involvement on the line of demarcation, should guarantee the permanent cessation of armed conflicts and actual separation of forces on the territory of Croatia at least by the distance of effective rifle range; an international guarantee to the Serbian people in Croatia that the genocide of World War II will not be repeated against it, until such time as a permanent political solution is found; prevention of the escalation of the armed conflicts on the soil of Yugoslavia, with all their tragic consequences, human casualties, and violation of elementary human rights by the Croatian armed formations; creation of important prerequisites for the Yugoslav crisis to be resolved by political means, that is, in a peaceful, civilized, and fair manner, one that is based on international law.

Viewed from the standpoint of the struggle for peace and the legitimate interests of the Serbian people as a constituent factor in Croatia, seeking the peaceful mediation of the United Nations in this extremely dirty war that has been imposed, is quite understandable and justified, especially since all peace initiatives and all constructive actions that have been undertaken to solve this problem have been exhausted. However, there should be no illusion that it will be easy or quick to involve the peacekeeping forces of the United Nations. But it would

occur in this case, provided the Security Council so decides in its complicated procedure, achieving the envisaged consent both of the interested Yugoslav factors and its own members, on the appeal of the official body of Yugoslavia based on the SFRY Constitution. The reference here is to peacekeeping forces, not combat military forces, to preservation of the peace, not reestablishing it by the use of the armed force of a foreign military factor. For that matter, the "blue helmets" cannot use weapons except in self-defense and protection of their own resources. Yugoslavia would propose, in keeping with the institutional arrangements, the states from which contingents of peacekeeping forces would be designated to be sent into Croatia only if those states agreed through the prescribed procedure, just as the parties to the conflict would have to agree in advance to receive them, which, it is believed, will be the most difficult part of the road to a truce. Those forces enjoy UN immunity, they are required to respect the legal order of the host state, and they are prohibited from engaging in political activity on behalf of either party to the conflict. The length of their mandate would be determined by the UN general secretary, and it might also cease at the request of Yugoslavia, which has called for them to come. It should be emphasized, especially under our economic conditions, that that international association would cover the material costs of that peace mission.

It is beyond dispute that the proposal for urgent involvement of UN peacekeeping forces—if this is done by its creation of a buffer zone between the belligerents in Croatia and if it is held until the Yugoslav crisis is resolved in a peaceful and fair manner—would be beneficial to all our peoples, and it certainly would not harm anyone. The method proposed for involving the peacekeeping forces also has real prospects for success, and it certainly would make any central contribution to achievement of the goals which the peoples who want to live in Yugoslavia have favored since the beginning of the crisis, which also means the goals on whose behalf the JNA has been involved in the crisis areas. Involvement of the "blue helmets" along the line of the present conflicts, then, would also be in the interest of the JNA, and it would not harm it in any way.

In the circles of military-political analysts, it is believed that the involvement of UN peacekeeping forces in the manner envisaged would bring about the prerequisites, as political solutions of the crisis are explored, to develop very broad international activity to provide the fullest possible political, diplomatic, economic, and every other support for preserving Yugoslavia as a state that is a community of those peoples who wish to live in it and in order to condemn the acts of secession and violence. That would overcome the present limiting narrowness and noticeable bias of the group of members of the European Community and would guarantee more comprehensive and fairer examination of the problems raised by the crisis in Yugoslavia.

Status of Military Industry Discussed

92BA0126B Belgrade *EKONOMSKA POLITIKA*
in Serbo-Croatian 21 Oct 91 pp 24-25

[Article by Slobodan Pejovic: "The Military Industry: A New Right to Priority"]

[Text] A drop in activity along with an "explosion" of wartime competition; the share of industry in the military budget is decreasing steadily; the military industry is seeking its business "autonomy."

In the Association of the Armaments and Military Equipment Industry, they are claiming that military operations (still) have no effect on the very low production activity in 56 specialized enterprises, which have about 70,000 employees. The deputy director for marketing in the association, Dr. Nenad Gojkovic, warns that it would be very difficult for the sector to respond to increased orders because of blocked transportation flows in Yugoslavia. "The military industry is especially sensitive in this regard. There is almost no product that can be assembled without the cooperation of numerous factories," says Gojkovic. An exception confirms this rule. The ZASTAVA newspaper in Kragujevac reports that the production of revolvers cannot meet demand.

The production capacity of the sector, whose size is estimated at 100 million working hours, is being utilized at only 44 percent. That is not even one-half of the use of the capacity that there was up to a few years ago, when the military industry ranked as very successful and very wealthy. The golden time of military production had firm support in the stable items of the federal budget earmarked for the Army. But as rationalization of the military budget occurred over time, military production conditioned the transition of the military-economic sector into exports; this was the most acceptable channel for employing free capacities.

Comparably with the reduction in Army revenues, a fall in the power of military industry began. For example, five years ago, the Army set aside 40 percent of authentic revenues for "its" industry (5 percent for research and development and 35 percent for the purchase of weapons and equipment). This is the time when an accumulation is realized in military factories (\$1,200 per worker) that a small number of enterprises in the civil sector were able to indulge themselves with. But 1986 is the last in a series of successful years. Erosion of the Army budget is first reflected through a decrease in orders in military factories in which the first serious losses are already appearing in 1988, but not nearly to the extent then as for the rest of national industry. Very little time was necessary for the absolute business inflexibility of the inviolable military-industrial sector to come out on the surface: Accumulative and production levels are falling sharply under the industry average on the whole and losses are increasing faster than in industry (they amount to \$3,500 per employee in 1989). This must lead to a direct

connection with the drastic share of the military industry in the total military budget, which reaches (in 1990) barely 18 percent.

The export capability of the military-industrial sector, praised for years, is also beginning to assume new tones. While, for example, the military industry is employing almost one-third of the capacities of export projects five years ago and realizing about one billion US dollars from this, it has very little in contracts during the first half of this year. The sector has always been stingy with information about itself and it's the same way now too but, let's say, we can find out the following: If 44 percent of capacities are utilized at the moment, then 17 percent are employed in export business. But even such exports carry a special story about themselves. Specific in everything, the military industry is connected in foreign trade activity exclusively to the Federal National Bank, or its branch the Military Service.

The official rate of exchange is valid only for enterprises in the military industry. But the story is not complete without an addition about the fact that 530 million dollars in claims from abroad that have come due are unpayable under certain international arrangements at this moment. The greatest part relates to deliveries to Iraq. But now that we're already talking about Iraq, it's worthwhile saying that Yugoslavia is one of the few countries that have not yet done anything concrete about collecting war reparations that the Gulf war has brought to Yugoslav industry.

Formula "3 x 30"

People from the military industry ascribe their absolutely unenviable business and economic position primarily to their status. The Federal Secretariat for National Defense not only decides which part of the military budget will be allocated to industry but also defines development and production concepts and concrete programs, determines export policy, and approves individual arrangements.

"We cannot conclude a single contract ourselves" is a phrase that is heard increasingly in military factories. The most biting angry comments, however, are directed at the federal government, which for three whole years has not reacted to a proposal by the military industry to change the legislation that now holds this sector under strict control, outside the market, and to norms that are valid for the rest of the Yugoslav economy. "We think here that all this is beyond their comprehension. Enterprises are literally failing and nothing is done to make it possible for them to try something themselves," according to Nenad Gojkovic.

The substance of the demand, formulated in the proposed new Law on Production, Turnover, and Organization of Military Economic Activity, actually reads as follows: Enterprises in the current military industry and the military industry as a whole must be independent economic entities. The formula for this is fairly simple and would be contained in a definition of the role of the

government, the role of the Army, and the obligations of enterprises that produce weapons and military equipment. The government, according to the concept proposed by the military industry sector, would be represented by a parliament that approves the concept of the defense of the country and adopts a list of resources and systems of weaponry and military equipment, with a simultaneous guarantee that money would be provided for such a concept and such lists. The Army proposes the concept of the defense of the country and the list of armaments itself to the parliament. In this way the Army practically maintains the current intervention in the sphere of research and development of the weaponry itself. The Army, if the parliament authorizes it, would also be able to retain the commercial function of the armed forces, or it would act—according to the approved list of weaponry and money—as purchaser.

And with this, its competence related to enterprises and the military industry as a whole would be finished. It is left to the military industry sector in this concept to observe developmental and production options that the Army defines and the parliament approves, and it is absolutely independent in all other segments of business and commercial policy (except in cases that are expressly forbidden, such as, for example, the export of certain products in general or to certain areas).

Within circles in the military industry, it is considered that such an approach would open up significant prospects for the sector. These would be best expressed at this moment through the formula "3 x 30," which means that, with existing capacities and know-how, production restructuring in the military economic sector could begin immediately, from which the following would result: One-third of the capacities are sufficient to satisfy the needs of the national Army, the next third would be utilized for all types of export transactions, and the final third could be applied, without great difficulty, to production that would go into free, or if it sounds better, civilian sales. What kinds of changes would be involved can be illustrated by the example of one of the successful years when, with 90 percent of total utilized capacities, 60 percent were earmarked for the Yugoslav Army, 25 percent for exports, and only 5 percent for market programs. It is foreseen that the preparation of a special study will be initiated at the beginning of next year under which future market production would be planned. It is considered that even the military industry sector itself does not have complete information on what kinds of production capacities and know-how are possessed by individual factories and institutes.

"We can only imagine how uninformed other parts of the Yugoslav economy are about our capabilities," states Gojkovic with resignation, adding that the strength of the sector should not be represented with a rifle or a tank (because purchasers know this) but with the know-how and equipment the sector possesses ("Right now we can start out with about 30 projects"). To an inquiry as to why they're not coming out right in this story (especially since it's absolutely free), we understand the substance of

the reply: As soon as tomorrow people from the military could appear with unpleasant questions—Who authorized you to do that? The reply that we could send out from this paper in advance goes:

It would be good for some institutions, whose word is still being adhered to, to remove the mortgage from the military industry so as to let factories and the people in them do what can be done.

For the good of all, and according to the logic that what exists in military factories is nevertheless based on budget funds, more exactly, on tax money.

The corporation as a goal—How do people in the military industry conceive of their own autonomy? They will answer: Each enterprise carries out its own business policy independently, contacts and merges with other enterprises freely, but because of the integrality and indivisibility of the technological system (every more complicated product is worked on in all 56 factories), the system seems united to the buyer domestically and abroad. Within the framework of such a (complete) system, five groupings are easily recognized: air force; navy; weapons, arms, and systems of land forces; munitions, missiles, explosives, defensive materiel, and, finally, electronics. Enterprises of the individual groupings are already mutually connected technologically. Therefore, the groupings would be whole entities in which the total program orientation is first determined, and next the position of each of the enterprises would be determined. Military-technical institutes, which now work as independent budget institutions, would have to "join" the groupings (according to activity) and as enterprises switch to a system of market financing.

However, all groupings comprise a united system of military-economic activities that, at the head, has an assembly and an administrative council composed of representatives of each grouping, representatives of enterprises that are included periodically, or on individual projects, but also representatives of the government or other important institutions. The operational administration of the whole sector of the military industry would be, as proposed, in the current association entrusted to a management composed of a president and four vice presidents: for marketing, scientific research work, production and development, and, finally, finance. This outline already indicates the desire to put under one head all those business functions that are now both outside the enterprises and outside their association, which is called the Association of the Industry of Weaponry and Military Equipment. With a series of open questions, tied primarily to ownership, we are prepared to place an organizational chart, provided by the Association of the Industry of Weaponry and Military Equipment, under the concept of a corporation. If a corporation in western countries indicates an enterprise that belongs to a large number of owners, and even in England a form of organizing and administering in a nationalized economy, then there is no better terminological designation. However, this question is much

more current at this moment: When will the new ideas be placed on the agenda at all? The federal government gave its answer at one of its September meetings: when the final prospects for Yugoslavia are resolved.

Problems of Croatian-Slovene Economic Cooperation
92BA0136B Zagreb VJESNIK in Serbo-Croatian
10 Nov 91 p 9

[Article by Dr. Dinko Dubravcic: "The Way Out of the Slovene-Croat Misunderstanding"]

[Text] Two "hot" topics were on the agenda of the meeting of the HNS [Croatian People's Party] Committee for the Economy, which was chaired by Dragutin Haramija:

- Economic aspects of The Hague documents.
- Misunderstandings in Croatian-Slovene economic relations.

We are publishing in this issue the introductory address of Dr. Dinko Dubravcic on current problems and prospects for economic cooperation between Croatia and Slovenia.

Slovenia and Croatia are two new states on the territory of Yugoslavia that obviously belong in the same cultural and historical sphere. These are the two most highly developed republics on the territory of Yugoslavia, and it is particularly significant that they had very highly developed economic relations with one another.

Of all the goods and services that Croatia obtained "from outside," more than a fourth came from Slovenia. The volume of those purchases is equal to Croatia's total imports. But for Slovenia deliveries to Croatia had an even greater volume than total exports. It is obvious that the two republics are oriented toward one another to a great degree, so that any essential drop in the volume of trade would be tantamount to disaster for both of them. This is especially true today, when two previously very important markets—the bilateral payments market with the countries of East Europe and the dinar market with the eastern republics in Yugoslavia—have almost disappeared.

Most Important: Money and Tariffs

At the moment of the state's disintegration, its heirs, and therefore Slovenia and Croatia, feel a need to find new solutions in two main areas. The first area is money and the second is tariffs.

The transition from one monetary system to another makes it necessary to solve the problem of debts and claims denominated in currencies that are disappearing from one or both areas. Because Slovenia has a surplus of claims at the moment, as the change of the monetary system has taken place, misunderstandings have arisen in connection with the manner in which those debts are to be settled. Because the reference is largely to bad and

uncollectible claims, it would be difficult to find a solution that would satisfy both sides. Payment in bad money does not satisfy creditors, and converting the debt to hard currency creates an insurmountable burden for debtors.

If we believe in the functioning of the market, this question can also be left for enterprises to settle freely between themselves. Some market might, then, be introduced on which the dinar claims would be bought up in some other currency—tolars or convertible currency (at a discount, of course, depending on the quality of the debt). We do not seem to have become accustomed to such solutions as yet, and so there have been calls for "governmental" solutions, which obviously cannot be the best.

In view of the large volume of possible trade between Croatia and Slovenia, a foreign exchange market should be established in the near future for the currencies that are valid in those countries (at the moment, they are tolars and dinars). Enterprises would be free to stipulate prices for mutual deliveries in any currency (tolars, the Croatian currency, or convertible currencies). It is up to the parties to the contract to judge whether the other party will be able to discharge his obligation of making payment in those currencies (a free market with convertible currencies would certainly be helpful in this respect). Market-oriented solutions are more in keeping with the spirit of our approach to European markets than any others (for example, the bilateral payments approach).

Mutual Interest in a Treaty on Tariffs

The Hague proposals for economic relations at the moment necessitate formation of a customs union among all Yugoslavia's successors. It is difficult to believe, however, that such a union could be set up in the foreseeable future between the sides that are at war at the moment. Relations between Croatia and Slovenia ought to be regulated in this area by a treaty on tariffs, that is, on the basis of mutual interest, not a coercive mechanism that is imposed.

The foundations for the tariff treaty must be international usages that are widely accepted among friendly states—any serious violation of them would contain the initial elements of a very undesirable economic war. The problems of transit goods, which would constitute a relatively large volume, ought to be worked out very precisely, but also liberally. A place should be designated for the customs clearance of certain goods, especially those involved in passenger transportation, and it is indispensable that the customs administrations render services to one another.

The key question is whether Slovenia and Croatia will agree on identical tariff rates, which would signify creation of a customs union. That would certainly be desirable, and in that case the tariff rates ought to be low. Each republic should express its preferences with an additional turnover tax on goods sold on its territory.

Along with monetary and tariff matters, there are also a number of others that ought to be settled in a treaty between Croatia and Slovenia. For example, the shaping of joint positions related to the division of property and debts of the Federation and also the disassociation of republic property, and then a treaty on economic relations in so-called large systems (PTT [Post, Telegraph, Telephone], transportation, energy transport), and also environmental problems (especially in connection with the nuclear power plant at Krsko).

There is reason to believe that the republic administrations, both in Croatia and Slovenia, were in a sense surprised by the breadth of the problems in future relations between these two countries (they were oriented more toward drafting laws for the purpose of internal transformation of economic systems). That resulted in significant misunderstandings, and there is a danger that they will grow even larger.

Interrepublic commissions for certain groups of problems (the interrepublic economic chamber could also play a certain role here) ought to have definite importance in working out possible misunderstandings. It would also be useful to establish a parity group of experts that would first of all establish the "agenda" of economic treaties that are necessary and then also outline the principles of their main content.

Economic relations between Croatia and Slovenia ought to be a model for "Scandinavianization" of the territory of what was Yugoslavia, a model that would gradually be taken up by other states that are the heirs of Yugoslavia.

Slovenia

Kucan Says Recognition of Republic 'Fait Accompli'
LD0412175291 Belgrade TANJUG in English
1540 GMT 4 Dec 91

[Text] Ljubljana, Dec 4 (TANJUG)—President of Slovenia Milan Kucan said today that international recognition of the republic, which has unilaterally decided to secede from Yugoslavia, was a fait accompli.

"Since the recognition has become a fact, it is now up to Slovenia to show whether it is capable of living as an independent state," Kucan told a press conference in Ljubljana upon returning from a visit to Germany which he described as "very successful."

Asked to specify the date of Slovenia's recognition, Kucan replied it could be between December 16 and 18.

He quoted German Chancellor Helmut Kohl as saying that Germany "will decide before Christmas to recognize the Republic of Slovenia" in a tribute to "its wise, principled and responsible policy."

Germany does not plan to recognize Slovenia alone, but together with several countries within and outside the

European Community, said Kucan but refused to disclose which countries were involved.

In addition to Slovenia's recognition, the talks in Germany focused on its readiness to help Slovenia after it has been recognized, he added.

Kucan said he expressed Slovenia's great interest in introducing a free trade zone in economic cooperation of the republics of former Yugoslavia.

Slovenia wishes to join the Hexagonal group and the Council of Europe as soon as possible, and to act as a part of the Warsaw-Prague-Budapest-Ljubljana axis, he said in conclusion.

Croatia

Assembly Holds Joint Session To Examine Issues

Approves Minority Rights Law

LD0412123291 Zagreb Radio Croatia Network
in Serbo-Croatian 1100 GMT 4 Dec 91

[Text] Croatian Vice President Zdravko Tomac made an introductory speech at today's joint session of the Croatian Assembly to cover the first item on the agenda: the draft constitutional law providing for human rights and freedoms and for the rights of ethnic and nationality communities or minorities in the Republic of Croatia. Tomac stressed that the adoption of this constitutional law was a concession to no one nor did it imply giving special rights to anyone, let alone being an act of capitulation. His speech was followed by a debate in which the deputies endorsed the law and made several proposals for minor revisions.

Recalls Mesic From Presidency

LD0512114891 Belgrade TANJUG in English
1021 GMT 5 Dec 91

[Text] Zagreb, December 5 (TANJUG)—Parliament of the Yugoslav Republic of Croatia on Thursday [5 December] concluded that "there no longer existed the need for the participation of Stjepan Mesic as member and president of the Presidency of the former Socialist Federative Republic of Yugoslavia."

Addressing the parliament on the occasion, Mesic said: "I have carried out the task-Yugoslavia is no more."

According to the parliament decision, this conclusion was valid as of October 8, 1991, when the decision was taken to sever state and legal ties on the basis of which Croatia, together with other republics and provinces, made up Yugoslavia.

Croatia proclaimed independence with a unilateral decision, and Mesic did not attend the Presidency of Yugoslavia sessions since October 3.

Discusses Economy, Peace Process

LD0512114391 Zagreb Radio Croatia Network
in Serbo-Croatian 1030 GMT 5 Dec 91

[Text] At the session of the Croatian Assembly today Jurica Pavelic, vice president of the Croatian Government, submitted an introductory report on the situation in the republic since 9 November with emphasis on the economic situation. He stressed the need to reduce personal consumption, to increase production and exports, to provide accommodation for displaced persons and care for the unemployed, and to do the utmost to avoid hyperinflation—not an easy task but not an impossible one.

Following Pavelic's report, Deputy Foreign Minister Bozidar Gagr reported on Croatia's international position with emphasis on The Hague peace conference.

A debate is underway on both reports.

Destruction of Ravno by JNA Described

92BA0136A Zagreb VJESNIK in Serbo-Croatian
10 Nov 91 p 6

[Article by Ermin Krehic: "Ravno Wiped Off the Map"]

[Text] It is an old saying that the wolf needs no reason to slaughter and eat a sheep.

"It is a horror," were the first words of Ejup Ganic, member of the Presidency of Bosnia-Herzegovina on his return from Ravno. He is one of the rare civilians whom the military commanders have in their "mercy" allowed to see what is left of that Croatian village in Trebinje Općina after the "mop-up operation" carried out by the soldiers in olive drab!

Whatever pains the officers of the federal Army took to justify before the domestic and public world (and perhaps their own conscience—if they still have one) the deliberate act of theirs by which a 100-year-old village disappeared from the map, they have not been successful. First of all, because they themselves have still not "gotten their stories straight" as to why and how they leveled Ravno.

"They Leveled It Themselves"

At one point, they did it because someone had fired on them from the village. Another time, because the local people had used the church bells to "signal" the Croatian Army on Cepikuce, where the reservists suffered a serious defeat. And then a third time, they informed the public that Ravno had "leveled itself" because of the immense quantities of explosives that were "in every house."

"We only hit one, and then those in the neighborhood exploded one after the other in a 'series,'" said one lieutenant colonel, clearing himself of responsibility.

But before they decided to use shells and missiles to rid Ravno of the "Ustashi" hidden there, the reservists entered the village on foot and carried out a "mop-up operation" of the stores there and some of the houses. At the end of the "honorable mission," i.e., bombardment of Ravno with shells and missiles, the olive-drab reservists entered the village once again. And they began to adapt it a bit to their own needs.

Condemned To Remain

Thus, the few "nonmilitary" visitors relate, the old Ravno church no longer looks as it does in these photographs. They say a military kitchen has now been set up inside. And now the village's entire population can fit in one house. With ease. After all, at the moment it consists of only one old man and four old women. They remained only because they would not have been able to trek the 10 or 15 kilometers over the stony Hercegovinian terrain, which was the only way to get to a safer place and avoid the olive-drab cannonade. It was not possible to save oneself by car, because all the roads were blocked by the "People's Army." So the old people were condemned to remain.

In spite of the encirclement in which they found themselves, olive drab in every direction, Ravno's last inhabitants told the intergovernmental commission and the camera:

"There was no other army in the village at all, nor did anyone fire a single shot at them from the village."

This "them" refers to the Serb-Montenegrin reservists who immediately after their arrival in Popovo Polje, that is, much before the battle for Dubrovnik began, turned the barrels of their weapons toward Ravno. Any traveler can see this if he travels these days on the section of road between Mostar and Trebinje that winds along the edge of this fertile valley. The people of Ravno noticed in time the direction in which the cannons were aimed, and they protested. The answer came back:

"This is a people's army, and it is here to defend you. You have nothing to fear if you are straight, that is, if you do not undertake any action against the People's Army!"

Who Believes Them Any Longer?

So, it is the same story as in many other villages set on fire. The people of Ravno have given witness that responses concerning the "People's Army" should not be believed, and their fate can serve as a warning to all those who still believe in similar responses. The village of Ravno has been leveled even though its inhabitants were straight. Perhaps that is in fact the main reason why the Army has not allowed even a mission of the EC to go to Ravno?

Functioning, Tasks of General Staff Described

92BA0136C Zagreb VJESNIK in Serbo-Croatian
10 Nov 91 p 13

[Article by Salih Zvizdic: "Croatian Defense: One Day in the General Staff"]

[Text] It is hard for a reporter to write on a topic when he cannot describe the place that is in question, cannot mention the people he talked to, cannot record details that might be interesting to readers. It is difficult to be silent about precisely those things that are journalistically most alluring for the reporter and his readers.

But you will understand the reservation when you learn that the topic is life in the General Staff of the Croatian Army. The General Staff is the heart and jugular of the Croatian Army. This is the place that originates the orders to all units of the Croatian Army, which is made up of its separate parts—the units of the National Guard Corps and the Home Guards. The units of National Protection and some of the units of the Ministry of Internal Affairs, the military police, the special units, and other elements referred to in soldier jargon as "services" also come under the command of the General Staff.

All global orders originate in the General Staff, while direct operational orders are issued by command headquarters of sectors, zones, brigades, battalions.... If there are departures from that order of things, then that is not the rule, but an exception or mistake, which one can understand in the case of an army that is now in the act of being born. As a matter of fact, just two or three months ago there were quite a few misunderstandings in the area of operational cooperation of the various segments of the Croatian armed forces. Now, because the General Staff was established, there is much less of that.

"Well, I beg of you, a year ago, when the Guards were created, the first members of the Guards almost had to hide in Zagreb. With their camouflage uniforms, they aroused curiosity, but they were also disquieting to a segment of the well-intentioned population," I was told by those with high military rank, but without insignia, with whom I talked. I nevertheless found out: two colonels and one general. We talked in a dark room furnished very modestly, military-fashion, along with the mandatory maps of all kinds and purposes as the only decoration on the walls.

There will soon be changes in the way the Croatian Army is organized, but the Guards will preserve the tradition of their most elite segment even in peacetime and will be organized into four brigades. Soldiers in Guards units, just as up to now, will be exclusively volunteers, but service in those ranks is regulated on a professional basis. That means a monthly salary, old-age insurance, and social welfare for the Guards member and his family, and all the other rights that arise from the employment relation.

The Home Guards are something new in the Croatian Army. This is an arm of the Army similar to the former Territorial Defense, but nevertheless different in many respects. They have no special insignia, but, just like the others, they have only the insignia of the Croatian Army, but, unlike the other structures, they will be soldiers who will be defending their homes, as indeed their name indicates. So, a "positional army."

Changes in the organization of defense will not be major, but when they occur, they will immediately have to "begin functioning" effectively. That is why here in the General Staff they are already thinking about this and working out the complicated future command system.

"Reading" the Enemy

The General Staff of the Croatian Army is a complicated mechanism whose parts differ, but they are welded together by the obscure threads of the cooperation of the command. These are mainly high-level officers, and at the top of the pyramid of responsibility is Colonel General Anton Tus, chief of the General Staff and deputy commander in chief of the Croatian Army (President Tudjman is the commander in chief).

The offices of the General Staff are in a well-preserved building outside the very center of Zagreb, and a large portion of operations are performed underground, in a well-protected atomic shelter. The work goes on day and night; many people even sleep here. There is an abundance of work to be done, so that for many people the working day lasts "26 hours," although the officers of the General Staff, including General Tus, are usually on the battle front.

In the building above the ground, as well as in the one underground, large rooms referred to as "maps" by those who work here are particularly important. A code has to be used to enter them, and inside there are people marking and following changes on the battlefields hour by hour. At every moment, they know where the enemy is. They go into details, so that the maps of streets and squares of various cities and settlements are part of the program of the "map."

One separate sector is the specialists' department, which anticipates and works out the strategic and operational plans and designs of the enemy. Thus, they know, for example, that the battle for Vukovar is only a part of the enemy's strategic plan to encircle Osijek. That is, if that town is taken, the enemy would like to surround and take Vinkovci and then approach Osijek from the south and surround that town. The enemy has combined all of that with hostile advance along the line Bosanska Gradiska—Okucani—Novska, Pakrac to Virovitica. The present plan of the occupying army to mainly use the units of the Tuzla Corps to cross the Sava and enter Croatia near Zupanja was marked out long ago in the General Staff, and now, when everything has been prepared to give him a "warm welcome," the enemy is in fact advancing in that direction.

The system of communications with the battlefields is functioning well, and by "pressing on a button" one can get any sector or zone on the battlefields all over Croatia, from Dubrovnik to Vukovar, from Varazdin to Zadar, everywhere. The General Staff and the units have the most up-to-date regular and emergency communications equipment, and it functions regardless of conventional city power supply. Communications systems are the nerves of the war, and nothing in that sector can be left to chance.

A separate sector, one entire company of top-level specialists, sees to supplying and equipping the soldiers with everything from food, clothing, and footwear to razor blades, cigarettes, weapons, and ammunition, everything required by present-day logistics. This sector is just as important as the one that actually issues orders to the units.

There are now sufficient weapons, including heavy weapons, along with artillery and tanks, but occasional difficulties occur in advancing them to the front. The units also possess the most up-to-date weapons for anti-air defense and multiple-barrel rocket launchers and special artillery guns. Most of the guns were captured, and the stock from that source is growing uninterruptedly.

A very important item in armament is our own production of automatic rifles, bazookas, multiple-barrel rocket launchers, ammunition and shells of all kinds, hand grenades, parts for communications systems, and so on. A separate sector of the General Staff maintains communications with the Ministry of Defense, which is directly responsible for that production, which is being done at places other than conventional factories. In places well-concealed. Incidentally, those with whom we talked were particularly proud of this sector, which is operating superbly. Use is also made of the experiences of soldiers on the battlefield concerning the effectiveness of the new Croatian weapons, and it is passed on to those who are manufacturing the weapons and ammunition.

Those with whom I talked particularly emphasized the importance of the Army's cooperation with the people, which is an increasingly important factor in the success and effectiveness of combat under special conditions. They gave countless examples. The logistical service of the General Staff is trying to see that soldiers in the front lines get as much cooked and hot food as possible (otherwise they get canned goods), which is done with mobile military kitchens, but it is not uncommon for people to compete in cooking food for the soldiers, in preparing pastries and various specialties. "People's pastry" for the wounded is sometimes even reaching Vukovar along with the artillery shells.

It is often forgotten that every day dozens of tons of bread, beans, meat, canned goods, everything, even chocolate, have to be obtained to feed the soldiers. And tens of thousands of pieces of warm underwear, socks, clothing....

They receive particular assistance from the people, I was told, in the process of advancing weapons and ammunition of all types to units in the front lines or units that are surrounded. In places where there is no other way possible, hundreds of volunteers join our soldiers and carry on their backs cases of ammunition and shells, food, clothing, footwear, all the equipment.

Of course, the General Staff also receives diverse intelligence data, the main sources of which are ordinarily at the very top level of the enemy army. Recently, there have been more and more offers from individuals in the ranks of the Chetniks and terrorists in the so-called SAO [Serbian Autonomous Oblast] Krajina, who, presumably realizing that the ground is going out from under their feet, are seeking a way of withdrawing in this fashion. All those and similar offers are subjected to very close scrutiny, and the collaborators and sources of information are evaluated.

This is, of course, only a pale picture of the activity of the top command of the Croatian Army, which is vertically subordinate only to President Tudjman. Because war is only the armed extension of politics, it is natural for the General Staff to include in its strategic plans political objectives as well, so that the rifle and talking are always thoroughly mixed with one another, which seems to be a characteristic of all present-day liberation wars.

Three-Month Monetary Policy Plan Examined

92BA0135A Zagreb VJESNIK in Serbo-Croatian
14 Nov 91 p 2

[Article by Franjo Kiseljak: "Hasty Action Against an Annual Inflation Rate of 1,200 Percent"]

[Text] The essential business signals for the little bit that still remains of the market-oriented economy in Croatia, which the National Bank of Croatia [NBH] has just sent out as part of the independently established Projection of Monetary Policy for the fourth quarter of the war year 1991, are not encouraging at all. The Projection assumes that lendings from primary note issue could increase by 132 billion dinars in the fourth quarter, and that in such manner that the largest portion (102 billion) would be a loan to the republic, while only 3 billion dinars would be left for loans to banks.

The war in Croatia has firmly tied the hands of all those who agonized over the crossword puzzle of monetary policy to the end of the year and narrowed their room to maneuver for sketching out a framework of monetary policy that would not leave any doubt as to the decisiveness of monetary authorities in Croatia, right at the start of a truly independent policy, to indicate a sharp change of direction toward an antiinflation policy and in general toward rehabilitation of finances. The projection has given priority to the republic budget, whose deficit at the moment is estimated at about 20 billion dinars.

The Council of the National Bank of Croatia, which for the first time has been in the role of an independent creator of

monetary policy in monetarily independent Croatia, was more impressed by the fact that for the first time it is defining the outside dimensions decisive to economic policy than by the probable results of its decision. The council is quite aware of the fact that during the grave wartime devastation that Croatia is experiencing, it can oppose the strong inflationary forces only with what is called a neutral monetary policy, with elements of restrictiveness toward the numerous indicated needs that people would like to finance with inflationary issuing of credit of the National Bank of Croatia.

Extremely Difficult Circumstances

During the session of the Croatian Assembly last week, which lasted several days, the deputies did not heed the warnings of Dr. Franjo Greguric as a motto for facing the dangers that threaten Croatia in the economic area. The Council of the NBH was exceedingly burdened by the actual situation in the economy and by finances, which can be described as an extremely difficult one for adoption of corrective monetary policy.

In September, the volume of industrial output was down all of 42.5 percent from September output last year. Prices have accelerated to a monthly rise of 23 percent. Zdravko Rogic, M.A., NBH deputy governor, warns that continuation of these trends is leading toward hyperinflation at an annual level of 1,200 percent. If with that kind of inflationary momentum all demands were met and consent was given to a thoughtless monetization of the total budget deficit and to invigorating production with excessive creation of primary money, that would lead Croatia into an extremely difficult, disastrous by some estimates, economic, social, and political situation.

The projection was made on basic premises that are not exactly reliable: that the drop of industrial production in the social product has ended, and that the phase of renewal will begin even in 1992. The verdict for wages and salaries is that they just continue to lag behind in real terms, which is a quite reasonable demand in view of the fact that they are being paid out of a 23-percent smaller social product. In nominal terms, wages and salaries ought not to grow more than 6 percent monthly, while prices should be held to a monthly growth of no more than 20 percent.

The Warning of the Monetary Helmsman

These several fundamental premises were the basis for establishing the additional growth of dinar lendings of the National Bank of Croatia up to the end of this year. The demands were incomparably greater. The republic budget was given preference. Government expenditures, that is, directly or indirectly related to financing defensive efforts and the most necessary repair of the damage, are increasing enormously. Monetary experts see no possibility of real coverage of all the 20 billion dinars of the budget deficit. The possibilities for squeezing taxes out of revenues have been almost entirely exhausted.

There remain several other possibilities: reducing expenditures, covering the debt with bonds, covering the deficit with primary note issue, and an inflow of new money from abroad.

Each of these sources is very limited. The most attractive way out which many see lies in the credits of the National Bank of Croatia, which is also rigidly bounded, first of all by the available quantity of cash, that is, by the fact that there is no inventory of bank notes sufficient to cover the higher prices in the trade sector.

Mindful of all the limitations, the monetary specialists warn that in their projection they were unable to find solutions for the problem of reducing the imbalance between supply and demand. When along with the envisaged projection of monetary policy the total imbalance cannot be overcome through market mechanisms and economic stimulants to production and exports, the only instruments still available are the noneconomic measures of administrative distribution in combination with a freeze of wages and salaries and prices.

Suspending the market is not the worst move, provided it is done in time. The worst is if this is done after the hyperinflationary wave of prices has arrived. Time will tell whether this is a real threat or only a warning that the presentation of new demands on primary note issue could be disastrous. It was made clear to everyone that satisfying those demands back in December caused an inflation such as we did not have even in 1989. Acceleration of inflation would destroy the possibilities for borrowing abroad in the future and would jeopardize the envisaged foreign exchange reform. Erosion of the standard of living and the most unfair redistribution of the burden to the poorer strata, would be too high a price to pay for possible hesitation in self-disciplining expenditure. The greatest economic and political stakes are truly at risk.

Serbia

Radical Party To File Charges Against Markovic

AU0412183791 Belgrade Radio Belgrade Network in Serbo-Croatian 1400 GMT 4 Dec 91

[Report by Dragan Stavljanin]

[Text] So far, 4,000 volunteers of the Serbian Radical Party have fought on the battlefields in Croatia, said party Vice President Ljubisa Petkovic.

All volunteer units are under the command of the Yugoslav Peoples' Army and the Territorial Defense, Petkovic said and added that the volunteers from this party are very responsible and disciplined in performing their tasks. The Serbian radicals do not object to the arrival of the blue helmets, but they emphasize that deployment of them is acceptable only westward of the Karlobag- Ogulin-Karlovac-Virovitica line.

The Serbian Radical Party has filed charges against Ante Markovic with the authorized organs of the Republic of Serbia. The president of the Federal Executive Council was proclaimed the number one enemy for, as is stated, committing treason, supporting the Croatian separatists, facilitating the genocide of the Serbian nation, and destroying the economy. When asked what will happen if the official Serbian organs reject the charges, Ljubisa Petkovic said that this party will do everything in its power to ensure that Ante Markovic never again steps foot onto the territory of Serbia. Petkovic also warned that such sanctions will apply to all those who support the FEC president.

When asked about the more and more frequent armed incidents in Serbia, Petkovic replied that the volunteers of the Serbian Radical Party are prohibited from bringing the arms seized in fighting into Serbia. However, Petkovic gave the assurance that if anyone did possess arms, they would not be used in clashes between parties or to provoke a civil war.

Petkovic stated that to ensure responsible behavior by them, the 280 volunteers of this party who will be sent to the battlefields tomorrow [5 December] will be subjected to psychological and alcohol tests.

Vojvodina

Assembly's Three Chambers Hold Session 3 Dec

Plans Presidential Vote

LD0412194691 Belgrade TANJUG Domestic Service in Serbo-Croatian 1139 GMT 3 Dec 91

[Text] Novi Sad, 3 Dec (TANJUG)—At a session today of all three chambers of the Assembly of the autonomous province of Vojvodina the delegates endorsed an initiative by the Assembly's Commission for Elections and Appointments to elect the president of the Assembly following several delays and cancellations. Candidates for the post are acting President Damjan Radenkovic and Pavel Domonji, who chairs two Assembly commissions—for education, science, ad culture and for information.

The president will be elected on a secret ballot.

The Assembly also adopted proposals to relieve three Vojvodina executive council members of their duties. Tributes were paid to their work so far.

Under a decree by the SFRY Presidency of 12 September, Colonel Geza Farkas, secretary for national defense of Vojvodina, was appointed commander of the provincial territorial defense staff. His new appointment disqualifies him from holding a government post.

It was said in an explanation of the reasons for relieving Djordje Nadrljanski from the post of provincial secretary for education and culture that he was overburdened by his commitments in both the government and at the

Novi Sad University and that his state of health had deteriorated of late. Istvan Feher, a peasant farmer and the only volunteer in the Vojvodina Government, has been relieved for inadequate activity.

Assembly work will continue in separate sessions of the three chambers.

Elects New President

LD0412194991 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1416 GMT 3 Dec 91

[Excerpt] Novi Sad, 3 Dec (TANJUG)—At their joint session today, delegates of all three chambers of the Vojvodina Assembly elected Damjan Radenkovic new Vojvodina Assembly president. Radenkovic is currently occupying the post of Vojvodina Assembly vice president. In the first round of voting, Radenkovic received 94 out of the total 130 votes cast. Radenkovic's only opponent, Pavel Domonji, received 31 votes. Five ballot papers were invalid. [passage omitted]

Seeks Analysis of Provincial Papers

LD0412200191 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1707 GMT 3 Dec 91

[Text] Novi Sad, 3 Dec (TANJUG)—Vojvodina Assembly delegates today endorsed a report by the provincial Secretariat for Information on editorial policy of papers of provincial importance. They have also concluded that the report provides more information rather than a comprehensive analysis of the work of DNEVNIK, POLJOPRIVREDNIK, MAGYAR SZO, HET NAPA, RUSKE SLOVA, HLAS LJUDU, and LIBERTATE. The delegates requested that an analysis be compiled within a month so that they can make an appropriate assessment about their activity.

The majority of the delegates assessed negatively writings in papers in Hungarian and Slovak, MAGYAR SZO and HLAS LJUDU, especially their reports from battlefields and articles about mobilization.

Papers which encourage people to desert, equate neofascism and new democracy, support secession, or are silent about genocide carried over the Serbian people in Croatia cannot hope to get positive assessment about their work, Milan Lucic, the provincial Secretary for Information, said among other things.

Negative assessment of MAGYAR SZO's work prompted the delegates to request that posts of the chief and responsible editor of this paper be readvertised. The delegates also endorsed a Vojvodina Assembly Commission for Elections and Appointments stand that none of the five MAGYAR SZO candidates is legible to hold the post. Miklos Maroti was appointed acting chief and responsible editor of MAGYAR SZO and the director of the Forum enterprise, within which is MAGYAR SZO.

Juraj Bartos, HLAS LJUDU editor in chief, was dismissed from the post, which will be advertised later.

Dragan Radevic, a POLITIKA commentator, was appointed DNEVNIK editor in chief. Obrad Lucic retained his post as POLJOPRIVREDNIK editor in chief. Mihaly Csardas, HET NAPA acting editor in chief, was appointed the editor in chief of this weekly in Hungarian.

Ethnic Hungarians Support Serbian Authorities

LD0412235391 Belgrade TANJUG in English
1908 GMT 4 Dec 91

[Text] Novi Sad, Dec 4 (TANJUG)—An association of ethnic Hungarians in Yugoslavia today protested again accusations voiced by Hungary yesterday alleging a threat to ethnic Hungarians in Serbia.

The association of Hungarians for the Serbia and Yugoslav motherland described the allegations as "unfounded fabrications" along the lines of "the methods used in 1941, before the occupation of part of the present territory of Vojvodina".

The Hungarian Foreign Ministry yesterday accused Serbia of grossly violating the rights of the ethnic Hungarian minority in its province of Vojvodina and of deliberately undermining all efforts to promote relations between Budapest and Belgrade.

The association, which supports the policies of the current Serbian authorities, said the opposition democratic community of Vojvodina Hungarians was "the Yugoslav arm of Antall's government" which is fomenting trouble and "spreading disinformation".

Bosnia-Herzegovina

Izetbegovic Wants UN Force Deployed on Borders

LD0412235891 Belgrade TANJUG in English
1905 GMT 4 Dec 91

[Text] Sarajevo, Dec 4 (TANJUG)—President of the Presidency of Bosnia-Herzegovina Alija Izetbegovic told today head of the EC monitor mission in Yugoslavia Dirk van Houten that a United Nations force deployed on the borders of this Yugoslav republic could play a preventive role in preserving peace in it.

Izetbegovic said he was pleased that the conference on Yugoslavia in The Hague would be continued, it has been announced.

A cessation of the conference in The Hague could have very grave consequences for the situation in Yugoslavia as a whole, Izetbegovic was quoted as saying.

Increased JNA Presence in Bosanska Krajina

92BA0136D Zagreb VJESNIK in Serbo-Croatian
9 Nov 91 p 8

[Article by Ivica Nasic: "Introduction to Military Operations?"]

[Text] Tuzla—The words of Nijaz Durakovic, president of the Social Democratic Party of Bosnia-Herzegovina, to the effect that he "possesses reliable information that within the so-called Serbian Autonomous Oblast Krajina back on 29 October a complete war strategy was worked out in 14 points, and that immense military forces are already being amassed on Ozren and in Bihac and Brcko, that is, over the territory of the entire 'Bosanska Krajina,'" in actuality are not, at least mostly, the utter fancy of a party leader with a predisposition to peace. Travel through those areas these days also supplies grounds for concluding that there is quite a bit there that "smells" of military operations, and there is confirmation of this in the accounts of certain opcina officials as well. Thus, Ismet Osmanovic, for example, secretary of the Lukavac Opcina Assembly, confirms that a sizable military unit has for more than a month been on Ozren, a mountain that never before was of interest to the Yugoslav Army, and no one knows the reasons or objectives of its stay in this area.

"I have personally visited that unit," Ismet Osmanovic says. "I was told that it consists of regular army, reservists, and volunteers. It is supposedly on Ozren for exercises, which cannot be checked out. It is certain that the unit is accompanied by armament. Helicopters land on Ozren almost every day. A large quantity of food and quite a bit of building materials have been carried there. The problem is that no one has reported to us in the opcina or given us any explanation whatsoever. Yet that is necessary and mandatory, because part of Ozren belongs territorially to Lukavac. I do not know whether there is some kind of plan involved, but there is reason for the uneasiness of the people of Lukavac, the Muslim population in particular."

Mato Jurisic, vice president of the Brcko Opcina Assembly, also says that the concentration of military forces is greatest in the villages of Obudovac, Pelagicevo, and Razljevo. The units stationed there even have large quantities of armament. "The Army has already arrived, and we do not have information as to what it plans," Mato Jurisic says. "We, of course, will seek that information. We have learned, however, that weapons from the military storage facility in Krepsic have been moved and deployed among units in the field. We were told that this was done for security reasons. Supposedly, if the weapons had remained in Krepsic, they could have fallen into anyone's hands."

It is assumed that some of the weapons from Krepsic have also reached Ugljevik. Two trailer trucks were also driven in and parked in an abandoned structure, which since last week has been guarded day and night by well-armed Ugljevik territorial defense personnel. These weapons have made the Muslim population in the vicinity of Majevica Mountain uneasy.

Assembly Plans Reciprocal Measures Against Blockade

AU0512105191 Sarajevo Radio Sarajevo Network
in Serbo-Croatian 2100 GMT 4 Dec 91

[Report by Risto Djogo]

[Text] The Assembly of Bosnia-Herzegovina has still not concluded its debate on economic problems in the republic. More than 30 deputies spoke today and there are still about 20 more who announced they wish to speak left for next time. The debate will continue on 13 December, Assembly President Momcilo Krajisnik said concluding the debate. Here is a report by Risto Djogo:

[Begin recording] [Djogo] One may say about this debate that it showed a polarization of views of the opposition and ruling parties. True, representatives of the Serbian Democratic Party and the Serbian Renewal Movement did not attend this and the previous sessions, but sent their five-member delegation instead.

Nino Lazovic, president of the Social Democratic Party's caucus, proposed on behalf of the democratic civil opposition that the Assembly should hold a vote of confidence in the Government. Twelve opposition deputies supported this proposal in writing. However, according to Assembly Secretary Avdo Campara, the opposition's demand cannot be voted on immediately, but only after the Government presents its opinion and within 30 days at the latest. This explanation failed to satisfy the opposition, but everything was left at that.

The last speaker at the end of today's debate was Jure Pelivan, president of the Government. He pointed out that at the beginning of its rule this Government also acted with enthusiasm. It also expected constructive cooperation on the part of the opposition in creating unified positions. The Government could not foresee everything that will happen in this country. The Government is now facing major tasks in formulating development policy for next year and the opposition also has a place in this. We shall accept all constructive proposals, Pelivan said.

[Pelivan] I think that we must go on, because we are now carrying out the policy of lifting the blockade and have almost finished it, but the daily shooting is postponing the day when convoys can pass along these roads. I would really ask everybody to make an effort and to do everything we can to make a demand in this respect. The Assembly should issue a proclamation and the Presidency should engage itself—the Government has already done so—with a view to achieving these aims as soon as possible.

Regarding other blockades, that is, the blockades of trade and of money flows [monetarni proboj], and so on, the Government has called on other republics to lift the blockade toward Bosnia-Herzegovina. If they fail to openly and clearly do so by Sunday [8 December], we are

going to introduce the fullest measures of reciprocity in order to protect the economy of Bosnia-Herzegovina. [applause]

[Djogo] Even after Jure Pelivan's speech, Nino Lazovic took the floor and pointed out that the ruling parties are still trying to blame the opposition for all troubles. The authorities and not the opposition should be blamed, Lazovic said.

[Name indistinct] Hrle insisted that, although the debate has not been concluded, the Government should be authorized to take immediate measures on stopping negative trends in the economy. According to Assembly President Momcilo Krajisnik, the government has been given such powers. [end recording]

Opposition Questions Government's Performance

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[Excerpts] The Assembly of Bosnia-Herzegovina is still discussing economic problems and the serious material and social position of workers. Deputies of the Serbian Democratic Party and the Serbian Renewal Movement are not attending the assembly session, except for a few representatives. The report on the whole day's work was prepared by Sunita Bosnic-Pilipovic, Dragan Gardovic, Nada Savic, and Mladen Bosnjak:

[Bosnic-Pilipovic] The morning part of today's assembly session was characterized by deputies describing the situation in the economy in general terms, depending on which part of the republic they came from. The representatives of trade unions spoke about the grave situation in the railroad transportation organization, mining, metallurgy, agriculture, and the textile industry. Many criticisms were directed at the government. There were even several proposals that the current government be dissolved and that a new government of experts and nonparty members be formed. The assembly was not spared criticism either, because in the past it has dealt more with political than economic matters.

In this report, we should also single out the speech by Fikret Abdic, member of the Presidency of Bosnia-Herzegovina, who proposed that a team consisting of Alija Izetbegovic [president of Bosnia-Herzegovina], Momcilo Krajisnik [president of the assembly of Bosnia-Herzegovina], and Jure Pelivan [premier of Bosnia-Herzegovina] travel to Croatia and Serbia tomorrow and hold talks on lifting the blockades of communications and flow of goods, and brief the parliament on what it had achieved.

Speaking on behalf of the Croatian Democratic Community, Tomislav Obrdaj proposed that arms factories in Bosnia-Herzegovina stop selling arms to the Yugoslav People's Army for money. Instead of worthless dinars, we should take food or hard currency. In this way the republic would protect itself from the money without cover.

Jovo Mijatovic spoke on behalf of the Assembly of the Serbian people and the club of Serbian deputies who did not attend today's session. He presented an eleven-point proposal for solving the economic crisis. The essence of the crisis does not lie in any one republic individually, but in Yugoslavia, Mijatovic said. [passage omitted]

[Gardovic] During the afternoon discussion, Obrad Belenzada, speaking on behalf of the metal workers' trade union, appealed to all the deputies to responsibly meet the demands of the workers, whose existence is threatened. According to him, if this is not done the workers will respond with what they are left, they will press for changes and new elections. [passage omitted]

[Savic] [passage omitted] Miro Lazovic, speaking on behalf of the parliamentary opposition, raised the question of confidence in the government. Here are his arguments:

[Begin Lazovic recording] Proceeding from: first, the unsatisfactory assessments of the social and economic situation, which the Government of the Socialist Republic of Bosnia-Herzegovina presented in its report on the political and security situation at the assembly session of 10 October; second, the unsatisfactory situation, which the Government of the Socialist Republic of Bosnia-Herzegovina presented in its report on the situation in the economy at the assembly session of 22 November—in connection with these, we would particularly like to stress the dissatisfaction with the work of the government that has been expressed in the speeches of the majority of deputies of these clubs; enormous conceptual differences expressed in the speeches by the president and the vice president of the Government of Bosnia-Herzegovina; their identical assessment that the Government of Bosnia-Herzegovina does not govern over the entire territory of Bosnia-Herzegovina; the publicly stated and demonstrated inability of the government to act in a uniform manner because of the constant rifts among ministers of different nationality; the drafting and the presentation of the law on information and judiciary in contradiction to the constitution of the Socialist Republic of Bosnia-Herzegovina; a drastic fall in the workers' standard of living, last year the average personal salary was nearly 600 German marks [per month], while now it is barely 150 German marks; a drastic fall in production; a sharp rise in prices and acceleration in inflation; the shortage of medicines, fuel, foodstuffs, and a number of production materials—and third, other assessments that were pointed out in the stands of the forums of citizens' opposition [gradjanska opozicija] of 29 October, which, calling for the replacement of the government, were forwarded to the Assembly of Bosnia-Herzegovina at the beginning of November, we hold the view that conditions as defined by Article 275 of the Rules of Procedure of the Assembly of Bosnia-Herzegovina have become ripe to interrelate the work of the government. According to Article 280 Paragraph 2 of the Rules of Procedure, we propose that

the issue of confidence in the government be raised, and that the deputies decide on this by voting. [end recording]

[Savic] Appearing on the rostrum again, Fikret Abdic, member of the Presidency of Bosnia-Herzegovina, said the government should be extended support. He then explained in detail his view on how the economic problems of large companies should be resolved. [passage omitted]

[Bosnjak] [passage omitted] Avdo Campara, general secretary of the assembly explained the procedure on initiating the confidence motion and the resignation of the government, as defined in the Rules of Procedure, and concluded that the Assembly of Bosnia-Herzegovina cannot vote on this matter tonight. [passage omitted]

Montenegro

Djukanovic Says EC Under German Pressure

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[Text] Titograd, Dec 4 (TANJUG)—The European Community has adopted its decision to compensate all the Yugoslav republics except Serbia and Montenegro for the economic sanctions imposed on Yugoslavia "under strong and aggressive pressure from Germany," Montenegrin Prime Minister Milo Djukanovic said this evening.

In a talk with reporters for the Dutch radio and news agency, Djukanovic said that, with its decision of Monday [2 December] last, the E.C. had "disowned itself."

This decision shows that all the condemnations of the unilateral secessionist moves of the Yugoslav Republics of Slovenia and Croatia and all the calls for preserving the Yugoslav state to date have been neither serious nor sincere, he said.

The latest move of the E.C. is a reward to the protagonists of the brutal dismemberment of the Yugoslav State, said the Montenegrin prime minister.

Djukanovic recalled that the arguments presented by Montenegro's representatives at The Hague conference on peace for Yugoslavia and in bilateral talks had been assessed as constructive.

"I cannot believe that the same people who have given such high marks to Montenegro's efforts now voted for its economic blockade," he said.

It is not that the E.C. officials were poorly informed, but that there is ill will to Montenegro and Serbia, Djukanovic said in conclusion.

Statement on Social Democratic Party Views

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13 Nov 91 p 2

[Statement of position of the Social Democratic Party of Montenegro: "Position on Sovereignty and the Idea of Yugoslavism"]

[Text] The sovereignty of Montenegro is one of today's most important concepts, if not the most important, because in our opinion it arises out of the nature of the social being itself, out of society as such. The Social Democratic Party of Montenegro has constantly put forth and emphasized the idea of sovereignty, aware that sovereignty, that is, the identity of Montenegro, is not confirmed by just one act, document, or declaration. The sovereignty of Montenegro, with international status as a state, is inherent in its nature, history, and tradition, its past and its present; without it, the constitutional and ethnic substance of Montenegro would be objectively abolished, and, it is quite certain, that would clear the way for possible conflicts and mutual reprisals in which flaring passions could result in fratricidal, religious, and ethnic wars. The sovereignty of Montenegro, then, is the most effective segment of its governmental and national being.

However, it is a fact that that sovereignty can also be lost when Montenegro is deprived of the attributes (historical, traditional, ethnic, governmental, ethical, legal, and religious, for example) that belong to it by the nature of things. Then what is called negative sovereignty grows into the light of day, a sovereignty to which it is possible to attribute only attributes related to the absence of nationality and independence, to indifference and a lack of motivation, to indeterminacy and indefiniteness, and even to absence of authority and legality. In other words, this means that only a sovereign Montenegro, free of burden, can behave freely, the way that best suits it. In that way, a sovereign Montenegro will determine its capabilities and human needs concerning every ideology, democracy, and politics. However, we are witnesses that the problem of the sovereignty of Montenegro has not yet been resolved and decided either in theory or practice.

The sovereignty of Montenegro, as it has been defined here, cannot be viewed in isolation from the idea of Yugoslavism, which dates back to the 15th century and for which immense sacrifices have been made. These two concepts are interconnected and interwoven in their history and destiny. Yugoslavism, taken as a concept, can be interpreted in two ways: qualitatively and quantitatively, to represent the common "singularity" of these particular free and sovereign states and to represent an association of free and sovereign states. By that very fact, because that relation is presented in essence as a dialectical relation between the general and the particular, because there do not exist any independent Yugoslav "variables" aside from the particular governmental and ethnic ones. Consistent with this definition, the

Social Democratic Party of Montenegro resolutely favors an association of free and sovereign Yugoslav states, a community that would be accepted by consensus of all the republics without exception.

The model of that future association of free and sovereign states—of a so-called “third” Yugoslavia, in which the idea of Yugoslavism would be preserved, would be unthinkable without the existence of sovereign states that are entities under international law. In this way, Montenegro could not be confined to its narrow republic borders, because by the fact that it is free and sovereign it would assume the obligation to participate actively in creation of new social relations. However, those who favor the other model—creation of some kind of “truncated” Yugoslavia or a Yugoslavia “in continuity,” would objectively destroy the idea of Yugoslavism for what would certainly be a lengthy time. If that community does not come about, then it is natural for Montenegro to be a state with its own native sovereignty, and that would only later be followed by a referendum on possible and necessary association with the other Yugoslav states.

It is not, of course, easy to make a choice between all possible and offered models, when reality offers only a single either/or. If we have to choose, the easiest thing is to take every one, because it is far more difficult to decide on just one. The choice among several models loses all meaning if one of three possibilities is imposed: Either Montenegro

will be only a member of an association of free and sovereign Yugoslav states, or it will not be; either it will be only a member of an alliance of Serbian lands, or it will not be; or Montenegro will be only a free and sovereign state, because Montenegro means only what it is, that it is identical to itself. We therefore oppose a one-sided conception of the development of the future society, one that demands just one and only one road of development. The idea of the “iron necessity” of social development in just one “outlined” direction is not, it is quite certain, proper to the scientific view of the world, but is one which is projecting the life of the community and *eo ipso* [by that fact] of itself as well.

However, here again the numerous aporias of the concept are manifest in the most acceptable model. That is why we should emphasize once again: Everything that begins is not necessarily new. The principle of *incipit vita nuova* [new life] has profound meaning and significance when we attempt to elaborate upon the idea of a community, that is, of a Yugoslavia that is an association of free and sovereign states. But independently of the fact that that model is rather indefinite and undefined, it still “promises” some kind of community, but at the same time signifies attainment or dialectical superseding of “a Yugoslavism that has gone stale” and that objectively can no longer be woven into the tissue of a new life. Perhaps it is still the most important thing for the concept of Yugoslavism to be kept open, but certainly not without the warning: *Principi obsta*, i.e., loyalty to the beginning whose genesis is yet to come.